

The complaint

Mrs G complains about the fees charged by Sainsbury's Bank Plc after her car insurance policy was cancelled.

The policy is underwritten by another business, who I'll call A in this decision.

What happened

Mrs G took out a car insurance policy through Sainsbury's, acting as a broker, with an insurance company, A.

A few weeks into the policy, she bought a new car and tried to change the policy to cover her new car online. Mrs G wasn't able to do this, and she couldn't get in touch with Sainsbury's by phone over the Easter weekend.

When Mrs G was able to speak to Sainsbury's on the phone, she was told A wasn't able to provide a quote on her new car, so they would need to cancel the policy. Sainsbury's agreed to waive the cancellation fees, but they said as the policy had been running for more than 14 days, the broker fee they charged when the policy was set up wouldn't be refundable.

Mrs G was unhappy with Sainsbury's response – she raised a complaint and said she didn't think this was fair because she hadn't cancelled the policy herself. But Sainsbury's didn't uphold the complaint – they said they couldn't waive the broker fee as the policy was past the 14-day cooling off period.

Mrs G brought the complaint to this Service. An Investigator looked at what happened and recommended the complaint be upheld. She said as Sainsbury's wasn't able to insure Mrs G's new car, they should refund the broker fee. Mrs G agreed with the Investigator's recommendation, but Sainsbury's didn't. They said A wasn't able to provide a quote for Mrs G's car and this wasn't their decision. And they said their standard fee was chargeable and not refundable where the policy had run for more than 14 days.

Sainsbury's asked for an Ombudsman to consider the complaint – so it's been passed to me to decide.

I issued a provisional decision of this complaint on 13 November 2024. I've set out my provisional findings below:

I appreciate Mrs G has raised concerns about the comparison site she used to buy the policy and the information it should provide. She struggled to contact Sainsbury's and feels the comparison site should have included out of hours contact information. I understand why she feels this is very relevant information. But while I sympathise with Mrs G struggling to contact Sainsbury's, I'm not able to consider anything the comparison site did or didn't do. My decision focuses solely on whether Sainsbury's have acted fairly and reasonably.

The crux of the complaint is that Mrs G says it's not her fault the policy was cancelled. She says Sainsbury's weren't able to insure her new car and that's why the policy needed to be cancelled – so she shouldn't be asked to pay any fees.

I should start by explaining that Sainsbury's are the broker in this situation and not the insurer. They set up the policy and placed it with the insurer, A. And this is why a fee was charged, for setting up the policy.

And because it wasn't Sainsbury's decision not to insure Mrs G's new car, I don't think they've acted unfairly. And they also explained that as A were unable to offer cover for her new car, they didn't charge Mrs G a cancellation fee, which would normally be applied outside of the cooling off period. I find this to be fair in the circumstances.

But I would generally consider it fair for a broker to charge a fee for setting up a policy. That's because there's a range of administrative tasks to carry out when a policy starts. I consider the set-up fee of £40 to be reasonable in light of Sainsbury's explanation. I'm also satisfied it's fair the fee isn't refundable on the cancellation of a policy outside of the 14-day cooling off period, and this is outlined in the policy's terms.

I can also see Mrs G says she tried to contact Sainsbury's by phone but was unable to. She says she tried to make changes to her policy online on 29 March 2024. But looking at when the policy was set up, even if she had spoken to Sainsbury's on this same day - she would still have been outside of the 14-day cooling off period and the broker fee would have applied regardless.

Taking everything into account, I'm satisfied the broker fee is fair to be charged by Sainsbury's in this particular case. This means I don't think Sainsbury's have acted unreasonably.

My provisional decision

I'm minded not to uphold this complaint. And I won't ask Sainsbury's Bank Plc to refund the fee or do anything more than they have already.

I invited both parties to respond to my provisional decision with any further information or evidence they wanted me to consider. Sainsbury's responded and agreed with my provisional findings - they had nothing further for me to consider. Mrs G didn't reply.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, and in the absence of any further information for me to consider, I see no reason to depart from what I said in my provisional decision.

My final decision

For the reasons given above, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 30 December 2024.

Stephen Howard
Ombudsman

