

## **The complaint**

Mr T complains that London Mutual Credit Union Limited ('LCMU') didn't tell him the family protection plan they offered to their members had reviewable premiums.

## **What happened**

Mr T purchased a family protection plan in 2007, after receiving a newsletter from LCMU. The plan, which also provided life cover for other family members, was a Group Policy available credit union members. An insurance company I will call company C initially provided the benefits of the policy, but another company has now taken over responsibility for the policy.

LCMU emailed Mr T in June 2020 and told him the premium for the level of cover provided was going to increase from £19.20 to £26.40 per month because of a higher than expected number of claims.

Mr T complained to LCMU and said they hadn't told him the premiums could increase when he took out the policy. Mr T said he wouldn't have purchased the policy if he'd known the premium would increase. LCMU didn't uphold the complaint and referred Mr T to the terms of the Group Policy document. This explained the underwriters, in this case company C and its successor, were able increase the premium based on claims experience, although not more than once per year. Mr T wasn't happy with the response from LCMU, so he brought his complaint to the Financial Ombudsman Service.

One of our Investigators looked into things for Mr T and thought that LCMU hadn't done anything substantially wrong. Mr T didn't agree with the Investigator and asked that an Ombudsman decides his complaint. It has now been passed to me to decide.

## **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.

I've carefully considered the response Mr T provided to the conclusions of the Investigator. I can confirm I've read all the submissions and attachments Mr T sent, but I will only comment on aspects that I consider are relevant to his complaint. I understand Mr T has strong views that LCMU should have told him the premium for the plan could increase, but for very much the same reasons as the Investigator, I've decided not to uphold the complaint. I'll now explain why.

I can't be certain what happened when Mr T submitted an application for the plan some 15 years ago, or more to the crux of the complaint, what may have been said when he handed in the application at LCMU's offices. There are no records of a conversation and no other documents to support a substantive conversation took place at the time Mr T handed in the completed application form. So, I've looked at the evidence available, and the submissions and testimony of Mr T and LCMU, and my decision will be based on what I think is more likely to have happened.

Mr T says LCMU included a notification in a newsletter about the policy and that it was available to credit union members. A copy of this newsletter isn't available, but it's agreed it offered Mr T the opportunity to join the Group Policy that had four levels of cover. Mr T selected a level of cover and included details of the family members he wanted covered. And he says he handed the completed an application form to staff in the credit union offices. Mr T says the staff at the office didn't tell him the premiums could increase. LCMU say that they don't provide advice sales and they would have sent the completed application form to company C without any comment on the premium.

Mr T has provided me with further comments on a 'family funeral plan'. I would respectfully point out that Mr T's policy isn't a family funeral plan, it's a Family Protection Plan. But I've considered Mr T's comment that this was part of a drive by LCMU to broaden their product range, and that he feels the sale was an advised sale. Taking what I consider is likely to have happened, I don't consider it's likely Mr T received advice from LCMU about the suitability of the policy or whether the premiums were fixed or variable. Instead I'm satisfied it's more likely than not LCMU only gave Mr T the option to join the Group Policy, which he subsequently did.

After he'd handed the completed application form to LCMU, company C wrote to him on 22 March 2007. The letter confirms the start date of the policy and reminds Mr T to review the terms and conditions of the policy. The certificate of insurance is included and this says, *"The insurance covered by this certificate is subject to the terms and conditions of the above mentioned Group Policy...The Insured Member has the right to inspect the Group Policy at the office of the Policyholder, during its business hours."* In this regard the Policyholder is LCMU, so it's reasonable for me to conclude that this is where the details of the Group Policy were available for inspection if Mr T wanted to see them.

LCMU provided a screenshot that supports they sent the policy documents to Mr T on 28 March 2007. I can't say whether Mr T received this letter, but I consider it's more likely than not LCMU sent it. LCMU aren't able to provide copies of the actual document sent to Mr T and I don't think this is unusual as the letter was sent in 2007. But, LCMU have provided a copy of the policy documents company C were providing at the time. The policy document says, *"Premium rates will be reviewed annually and may be changed no more than once a year. If we change the premium rate, we will give you thirty (30) days advance written notice."*

Having decided the letter of 28 March 2007 was more likely than not sent, I'm persuaded LCMU took reasonable steps to ensure Mr T was aware the premiums could increase, albeit this was within the policy documents. Regardless of this, Mr T was earlier informed told by company C that the Group Policy and terms and conditions were available at the LCMU offices for him to review. Mr T says this implies LCMU wouldn't provide a copy if asked to. I don't agree this is likely to be the case. It seems more likely to me that, as the policyholder, LCMU would want to keep the original Group Policy documents safe and therefore it seems reasonable they were made available for review if requested. And I consider it would have been reasonable for Mr T to review these terms and conditions to satisfy himself the policy was what he wanted as I can't see anything that persuades me LCMU provide the policy on an advised sale basis.

In my opinion, LCMU didn't provide advice about the policy or its terms and conditions. Instead they offered their members the option to join the Group Policy through a newsletter. And I consider this places some responsibility on members who wanted to join to ensure the policy met their needs and they understood the terms of the policy.

After the premium increased, Mr T expressed concern the increase was excessive. I appreciate Mr T raised this matter at an annual general meeting of the credit union and was told that the credit union was in 'negotiations' with the company C. I can't say what was

meant by in 'negotiations', however, LCMU aren't responsible for the premium increase and, in my decision I can't comment why the premium increased by the amount it did as the premium is set by company C or its successor. But, from the correspondence sent to Mr C, it seems company C provided an explanation why the premiums had increased. I understand Mr T's concerns that the premiums increased shortly after a claim was made on the policy, but this is a matter for company C or its successor rather than LCMU.

Mr T has asked how many other credit union members went to see a copy of the Group Policy and terms and conditions, and why the Investigator didn't request this information. I don't consider this is relevant to Mr T's complaint about the service LCMU provided to him. And it's not disputed Mr T asked to see the terms and conditions at LCMU's offices. I am only considering the circumstances of this case, but Mr T can ask LCMU to provide this information if he wishes.

I noted Mr T refers me to another final decision issued by the Financial Ombudsman Service on a similar case. I've looked at this case and there are some significant differences to the circumstances of Mr T's complaint. Regardless of this my decision is based on the circumstances of Mr T's complaint.

LCMU says Mr T has been sent several reminder letters since the plan started and these told him of the potential for premium increases during the life of the policy. Although Mr T feels this demonstrates LCMU had something to hide because they didn't do enough to tell him of this at the start of the policy, I don't share this view. It seems more likely that company C and its successors were keeping the insured members informed that premiums could increase. In my opinion, I don't consider this supports that LCMU, had something to hide.

### **My final decision**

For the reasons above I've decided not to uphold Mr T's complaint about London Mutual Credit Union Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 September 2022.

Paul Lawton  
**Ombudsman**