

The complaint

Mr and Mrs D complain that London and Country Mortgages Ltd (“LCM”) sold them an incorrect life and critical illness policy that didn’t meet their needs.

What happened

Mr and Mrs D spoke to LCM about their life and critical illness cover arrangements between March and August 2020. That led to Mr and Mrs D cancelling an existing policy and setting up a new one that cost less. But the new policy also provided less cover, which wasn’t what Mr and Mrs D wanted.

In response to the complaint, LCM explained that their recommendation to Mr and Mrs D had changed around July 2020. They’d initially recommended Mr and Mrs D cancel their existing life-cover policy and an income protection policy, and replace them with a new policy. But when they looked at the cost for that, it would have been more than Mr and Mrs D were already paying. So LCM said to just cancel the income protection policy and buy a policy that added to the existing life cover instead.

Mr and Mrs D didn’t agree that the recommendation was to top up their existing policy – their understanding was that they were replacing what they already had with like-for-like cover at a cheaper cost. So the complaint came to us.

Our investigator saw there were emails from the time – particularly around July 2020 – that supported what LCM had said. Their recommendation had changed. And our investigator felt that had been explained reasonably to Mr and Mrs D at the time. So she didn’t ask LCM to do anything further to resolve this complaint.

LCM didn’t respond to that view, which I’ve taken to mean they’ve accepted it. Mr and Mrs D didn’t agree with the view though, repeating that LCM hadn’t told them the policy they’d bought was a top-up to their existing cover, rather than a replacement for it.

The complaint is now with me for a final decision.

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, I find there does appear to have been a misunderstanding here that’s created the problem for Mr and Mrs D. But I can’t see LCM have unreasonably caused that misunderstanding. So I’m not going to tell them they should now be responsible for putting things right.

I can see the plan in March 2020 was as Mr and Mrs D have described – they were to cancel their existing policy and replace it with a cheaper one that provided more critical illness cover. But the emails from the time show me that plan changed.

From July 2020, LCM repeatedly talked about the new policy being only for £50,000 of cover – not the much higher amount the existing policy covered. Emails Mr and Mrs D sent us from 13 and 14 July show Mrs D directly referring to this figure, and to “*the changes*” – seemingly referring to the change of plans from what had been discussed in March.

LCM’s emailed response on 14 July explained what was being recommended as follows:

“For the illness cover you were paying £100pm for the [named provider’s] income protection policy and we are replacing this with an additional £50,000 of life and critical illness cover for £78.39 this still saves you money and gives you both additional illness cover.”

It’s true this didn’t go as far as saying “*don’t cancel your existing life and critical illness cover*”. But it did identify the specific policy that was being replaced as being an income protection one. And it did say the new illness cover was “*additional*”. And it specifically said the level of cover was £50,000, not the full mortgage amount.

Later emails repeated these details in one way or another. I can see our investigator highlighted emails from 6 August 2020 that also show Mrs D was aware the policy being sold was for £50,000 of cover, not the full mortgage amount. At no point in any of those later emails did LCM tell Mr and Mrs D to cancel their existing life and critical illness cover.

From this evidence, I conclude that LCM haven’t misrepresented this policy to Mr and Mrs D. It was sold and explained as being in addition to their existing life and critical illness cover. As such, I don’t consider LCM are responsible for the confusion that seems to have led to Mr and Mrs D cancelling their existing cover, when really they wanted to keep it.

My final decision

For the reasons above, I’ve decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs D and Mr D to accept or reject my decision before 2 August 2022.

Paul Mellor
Ombudsman