

The complaint

Mr C complains about information he received from TenetLime Ltd about a life assurance policy held in a trust.

What happened

Mr C took out a term assurance policy in 2016. The sum assured – what it would pay out on a successful claim – was set at £160,000 – a little more than Mr C's mortgage at the time.

TenetLime offered a free service to put the policy in a trust. Mr C filled out a form to do that. He put his fiancé and three adult children as the beneficiaries of the trust. That meant that if the policy paid out, they'd share the sum assured.

In September 2020, TenetLime appear to have made a follow up call to Mr C. He explained he wanted to change the trust. He wanted his wife to be the only beneficiary. The caller said to leave that with them to get it amended. In a later call, TenetLime said a form would be sent to Mr C by the policy provider, which he could then use to change the trust.

These calls also started an enquiry to change the sum assured of the policy. Mr C felt he needed a higher sum assured. But in October, Mr C told TenetLime he'd decided to put that on hold as his income was affected by the coronavirus pandemic. TenetLime agreed to contact him again a few months later.

In February 2021, TenetLime and Mr C discussed the policy again. This time Mr C was put through to the policy provider to change the trust. But they explained that it couldn't be changed unless he cancelled his 2016 life policy and took out a new one.

Mr C wanted to complain that he'd been given incorrect information previously. There was some discussion about getting a discount on a new policy – now with a higher sum assured. But the TenetLime adviser said it wouldn't be possible to change the policy while a complaint was being looked into.

TenetLime responded to the complaint in April 2021. They agreed they'd given Mr C incorrect information about changing the trust. To acknowledge the inconvenience caused by this, they offered Mr C £50 compensation. This wasn't accepted, so TenetLime increased their offer to £200 in June. That too wasn't accepted, and Mr C brought the matter to us.

Around the same time, Mr C also took out a new life assurance policy, through a different company. He chose a sum assured of £250,000, and I believe has set his wife to be the only beneficiary of it. But – believing he needed to keep the policy arranged by TenetLime to continue with his complaint – Mr C kept the 2016 life policy running. Mr C didn't cancel the 2016 policy until May 2022.

I looked at the complaint last month, and explained my provisional decision for it. I found the way the trust was initially set up reflected Mr C's wishes at the time, rather than a mistake by TenetLime. But I found the information about changing the trust in 2020 hadn't been right. If it had been, I was satisfied Mr C would have cancelled his old policy sooner than he did.

To put that right, I said TenetLime should reimburse Mr C for the cost of the 2016 policy for the period it overlapped with his new life policy – 11 June 2021 to May 2022. And I said they should pay Mr C a total of £400 compensation for the upset and inconvenience caused.

TenetLime didn't respond to my provisional decision, but Mr C did. He said he'd definitely have cancelled his 2016 life policy sooner – in September 2020 – if he'd been better informed by TenetLime. And he asked what would happen if TenetLime didn't respond to my decision going forward.

I'll address these points below, in my final decision for this case.

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've decided my provisional decision is the right one for Mr C's complaint. I'll repeat the key points, with a few minor additions to show how Mr C's latest comments fit in with my reasoning.

I've seen the trust document completed by Mr C in 2016. And I've listened to a call he had with TenetLime that discussed his options when filling it in. From that I find that the initial set up of the trust seems to reflect what Mr C wanted to do at the time. I can't see TenetLime made any mistakes that led to the trust being set up incorrectly.

So I find TenetLime aren't responsible for Mr C wanting to change the trust in later years. Nor are they responsible for the fact he needed to cancel the 2016 life policy to make the changes. That all flows from Mr C's decisions when completing the trust form.

But – having listened to TenetLime's calls with Mr C in September 2020 and February 2021 – I find there are problems with how TenetLime explained the situation to Mr C. They shouldn't have told him the trust could be changed. If they'd given him more accurate information – or if they'd put him in touch with the policy provider sooner – Mr C would probably have acted sooner to change his life policy and undo the trust he'd set up.

Putting things right

I appreciate Mr C says he'd have changed his policy in September 2020 if TenetLime had explained things better. But Mr C would have replaced it, much as he's done now. Which means he'd have still been paying something to have the life cover he wanted.

If the service had been reasonable he'd likely have paid more for a new policy, because he'd have set it up with the higher sum assured discussed with TenetLime in September 2020. Mr C had the opportunity to do that, but chose not to because of the increased cost.

So although I agree Mr C probably wouldn't have had the 2016 life policy as long as he did if the service had been reasonable, he isn't financially disadvantaged by that.

But the unclear information TenetLime gave Mr C in February 2021 does appear to have had a negative financial impact on Mr C. I don't agree the policy couldn't be changed while a complaint was being made. The two are separate processes – or they should have been in this case, at least. If TenetLime had been clearer about this with Mr C, he'd likely have cancelled the 2016 life policy as soon as he took out the replacement for it.

I can see Mr C arranged his replacement in June 2021. So from that point, anything he paid

for the 2016 policy wasn't needed. Mr C only paid it because of the incorrect information TenetLime gave him. So TenetLime should now act to reimburse Mr C for that expense.

I can see Mr C's new policy began on 11 June 2021. He's also confirmed his 2016 life policy ended in May 2022. So the premiums that would have been payable for that period should be covered by TenetLime.

In addition, I've heard in the phone calls and seen in the complaint correspondence how upsetting and frustrating this situation has been for Mr C. That can't be undone, but I'm compensation will at least acknowledge that it wouldn't have happened, if not for TenetLime's failings.

I've thought about the scale of that impact here, and the amount of time it's lasted. With those factors in mind, I find a payment of £400 is suitable in this case.

My final decision

I uphold Mr C's complaint about TenetLime Ltd. To put things right, they should reimburse Mr C for the premiums he paid for the 2016 life policy from 11 June 2021 to its cancellation date in May 2022. And they should pay a total of £400 compensation to acknowledge the trouble and upset caused for Mr C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 December 2022. If he confirms he accepts the decision, it'll become binding on TenetLime Ltd. That will mean they have to do as I've said. If they don't, Mr C will be able to seek enforcement of the decision through the courts.

Paul Mellor
Ombudsman