

The complaint

Mrs C and Mr C have complained that they were given incorrect information by The Royal London Mutual Insurance Society Limited which disadvantaged them financially.

What happened

The details of this complaint are well known to both parties. In summary Royal London accepted that it made an error in that Mrs C and Mr C's financial advisor was told that the critical illness payment they would receive for their child's critical illness claim if the claim was accepted would be £50,000. In fact, the correct policy benefit was £30,000 and this amount was paid. Royal London admitted its error, apologised, and offered compensation of £350.

Our investigator recommended that compensation be increased to a total £600. Royal London agreed to this increase. Mrs C and Mr C asked for an ombudsman to decide.

As the background is not in dispute, I'll focus on giving the reasons for my 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.

I'm aware I've summarised the background to this complaint, no discourtesy is intended by this. I've focused on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I recognise that Mrs C and Mr C will be disappointed by my decision and I'm sorry this decision doesn't bring more welcome news. But for the following reasons I agree with the conclusion reached by our investigator:

- I accept Mrs C and Mr C made financial decisions based on the advice they received. Royal London had advised that if their claim was accepted, they should receive £50,000. Although they hadn't spent the money, they had made plans based on their understanding that they would be receiving it. I agree that it must have been very disappointing and upsetting when they learned the advice had been incorrect. I'm pleased to note that Royal London apologised and offered a payment in compensation.
- Mrs C and Mr C's policy didn't entitle them to a payment of £50,000. In the circumstances therefore I can't say that Royal London is obliged to make the claim payment up to that amount due to the error it made. I do agree though that compensation is merited for the trouble and distress Mrs C and Mr C were caused by the error, which would have come at a difficult time for them. I find a total payment of £600 is fair and reasonable.

My final decision

My final decision is that I uphold this complaint. I require The Royal London Mutual Insurance Society Limited to pay Mrs C and Mr C a total of £600 in compensation. Any amount already paid in compensation may be deducted from this sum.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 11 September 2023.

Lindsey Woloski
Ombudsman