

The complaint

Mrs M complains that First Complete Ltd cancelled a policy and started another policy on her life without her knowledge.

All references to First Complete include its appointed representatives.

What happened

The facts of this matter aren't in dispute. In summary in 2018 Mrs M took out a term assurance policy written on her life and settled in trust – the trustees being Mr M and Miss M. In 2020 the policy was cancelled and replaced with a Relevant Life policy. The owner of that policy was a business that Mrs M was a director of at the time – I'll call the business 'V'.

Mrs M became aware of the replacement policy in 2022. The policy was cancelled by the provider when it learned that incorrect information had been given during the application process. This complaint is about First Complete who sold the policy. A separate complaint has been set up against the provider.

First Complete said it took instructions regarding the cancellation from Mr M. Mrs M remained very unhappy – she said that the policy had been set up fraudulently.

Our investigator recommended that the complaint be upheld. She said that First Complete should have checked with Mrs M before cancelling the first policy and its failure to do so had left Mrs M without life cover. Accordingly, she recommended that First Complete offer to source a new policy on the same terms as the cancelled one. If the premium was greater than £75.77, she said that First Complete should calculate the difference in premium and multiply it by the number of months the policy would run. She said the offer should be open for 12 months. She also recommended that compensation was paid to Mrs M in the sum of £400.

First Complete didn't agree. It said that it was reasonable to assume that she provided permission for Mr M to act on her behalf. It also felt that it was more likely than not that Mrs M would have been able to afford payments on the first policy – therefore the cover would have cancelled, and she would have no cover in place. So it didn't agree with the suggestion to source a new policy for Mrs M.

As no agreement has been reached the matter has been passed to me to determine.

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.

Firstly, I'm aware I've summarised the background to this complaint. No discourtesy is intended by this. Instead, 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've fully reviewed the complete file. For the following reasons I agree with the conclusion reached by our investigator:

- I'm satisfied that First Complete cancelled Mrs M's original policy without her permission. This is at the heart of this complaint. I don't agree that it was reasonable for the adviser to assume that Mr M had Mrs M's consent. The adviser should have spoken to Mrs M before taking any action. This accords with the providers guidance for intermediaries which makes clear that the person to be covered will need to answer all questions about themselves. However, the adviser has confirmed that he only spoke to Mr M.
- I haven't disregarded First Complete's point that correspondence was sent to Mrs M's home address therefore had she not agreed with the policy she would have raised a concern earlier. However Mrs M believes her post was being intercepted, which is plausible given the background to this complaint. In the circumstances I find that Mrs M was unaware of the policy cancellation until 2022. Likewise, I'm not persuaded that the change in premiums alerted Mrs M to the fact that the policy itself had been changed. But in any event my finding is that First Complete shouldn't have cancelled the first policy without speaking to Mrs M.
- First Complete applied for a second policy through the provider which it transpired Mr M and Mrs M weren't eligible for. The policy was cancelled, and premiums refunded – but Mrs M now has no life cover in place, I find it would be fair and reasonable for First Complete to source a new policy for Mrs M. I accept that by Mrs M's own admission she may struggle to meet the premium payments. For this reason, I find it reasonable for the offer to be open for 12 months in order for Mrs M to arrange finances. Of course, if she chooses not to or for any reason doesn't do so, the offer will lapse.
- I agree that it would have been distressing for Mrs M to find that the life cover she had in place had been cancelled without her knowledge. She wanted the security of having cover in place for her adult daughters. I find compensation is due for the distress and upset she experienced. Having taken all the circumstances into account I'm satisfied that £400 is merited.
- Mrs M feels very strongly that the cancellation of the first policy and the taking out of the Relevant Life policy was fraudulent. But First Complete didn't conclude that a fraud had been committed. I don't find that was an unreasonable conclusion in the circumstances. For completeness I would add that even if my conclusion had been different, I have no power to require First Complete to report the matter to any prosecuting authority. I note that Mrs M is now pursuing this matter independently.

Putting things right

Mrs M's original policy had:

- A sum assured of £200,000
- A policy end date of 12 July 2050
- A monthly premium of £75.77

First Complete should source a policy on the terms set out above. If the premium exceeds £75.77 First Complete should calculate the difference in premium and multiply it by the number of months, the policy would run. The resultant lump sum should be paid to Mrs M, if she wishes to proceed with the policy. This offer should be valid for 12 months.

Additionally for the distress, upset and trouble this matter has caused Mrs M First Complete should pay her £400.

My final decision

My final decision is that I uphold this complaint. I require First Complete Ltd put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 5 December 2023.

Lindsey Woloski
Ombudsman