

The complaint

Mr R and the estate of Mrs L complain that Friends Capital Limited gave incorrect advice when setting up a life insurance policy.

What happened

In 2018 Mrs L and Mr R, who were partners at the time, spoke with Friends Capital about setting up life insurance policies for both of them.

A single life decreasing term insurance policy was set up to cover the life of Mrs L with joint ownership between herself and Mr R. And a separate policy was also set up for Mr R.

In May 2022 Mrs L sadly passed away. The product provider paid the life insurance claim to Mr R as the joint policy holder.

The estate complained to Friends Capital saying the advice to set up the policy with joint ownership wasn't appropriate. They said this as the claim money went to Mr R as the joint policy holder instead of to Mrs L's estate where it would've been used to pay off an outstanding mortgage.

Friends Capital didn't uphold the complaint saying the advice was appropriate.

Remaining unhappy the estate brought the complaint to our service where one of our Investigators looked into what happened. They didn't think Friends Capital acted unfairly or unreasonably, and they weren't persuaded that the policy was set up incorrectly.

The estate disagreed providing further information for consideration. Our Investigator still didn't think the complaint should be upheld so the matter has come to me for a 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.

A lot of information has been provided about this complaint and it's clear how strongly the representatives of the estate feel about what happened. I want to assure all parties that I've read and considered everything that has been provided even if I don't mention it all in detail. I've summarised some things that happened which reflects the informal nature of our service.

Also, whilst my role is to look at everything in detail, it's also to consider things 'in the round'. This means that I won't necessarily answer every question or point raised as I'm satisfied that I understand the crux of the complaint. And I will concentrate on what I think are the most important issues when coming to a decision.

Where information about what happened is incomplete, unclear, or contradictory, as some of it is here, I've come to a decision on the balance of probabilities about what I think is most likely to have happened.

When complaining to Friends Capital the two main complaint points were the advice to put the policy into trust, and that the policy was set up jointly with Mrs L and Mr R.

The representative of the estate has said that the trust issue is *a by product of the complaint* and that the main reason for complaining is how the policy was set up. And I agree this seems a fair representation of the complaint.

Putting the policy in trust was part of the original recommendations however the forms were never fully completed so this never happened. So any issues around the trust had no effect on how the policy was eventually paid out. The policy paid out to Mr R because it was held in joint names, and not because of any trust. I'm therefore going to concentrate on how the policy was set up.

In order to uphold this complaint I would need to be persuaded, on the balance of probabilities, that errors were made by Friends Capital. However after carefully considering all the evidence I'm not persuaded, on balance, that is the case.

It's clear Mrs L wanted a policy to cover her life should anything unfortunate happen. And this is why a decreasing term insurance policy covering her life was set up. So from this perspective the policy met her needs.

The policy however was set up with both her and Mr R, who were partners at the time, as joint policyholders. The estate says this was a mistake made by Friends Capital seemingly caused by the way in which the application was made to the policy provider.

My starting point is information from the time the policy was taken out. Mr R has said that he doesn't remember anything to do with setting up the policy, though I note that a separate policy was set up for him at the same time after taking joint advice from Friends Capital.

And since Mrs L has sadly passed away there isn't any other first-hand testimony to consider. In situations like this I'm often more persuaded by evidence from the time rather than what is presented with hindsight.

The representative of the estate points to a letter dated 3 July 2018 from the product provider to Mrs L which says:

.. all policies are jointly owned as they were applied for on a single application form.

They say using one form caused the policy to be set up in joint names which wasn't what was intended. However I've not been persuaded by any available evidence from the time that using one form was an error.

Mrs L and Mr R were partners at the time and so I don't think it would be unusual for both of them to be named as policy holders. The policy was set up to cover the sole life of Mrs L as intended, and it was also for the amount of cover which was needed to cover an outstanding mortgage.

The suitability letter say that Mrs L wanted to give Mr the *option to move in mortgage free*. So making the policy joint, and therefore any claim being paid to Mr R, would've allowed for this if he chose to do so.

I've also taken into consideration that the letter the estate refers to from July 2018 let Mrs L know that the policy was in joint names. Had this not been what Mrs L wanted there was an opportunity to speak to either the product provider or Friends Capital.

Other correspondence from the product provider such as a letter from 23 January 2018 sent after the policy had been set up also shows the joint policy holders.

Looking at the documents sent from the product provider I'm satisfied they made clear there were joint policyholders.

So there were opportunities for Mrs L to raise the issue of joint policy holders had this not been what was wanted. However I've seen no evidence from the time that either joint policyholder queried the way things had been set up.

I haven't been persuaded, on balance, by any evidence from the time to show that the policy shouldn't have been set up as it was.

Having carefully considered everything that happened, I'm satisfied, on the balance of probabilities, that Friends Capital acted fairly and reasonably so I won't be asking them to take any action.

My final decision

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and the estate of Mrs L to accept or reject my decision before 22 May 2024.

Warren Wilson

Ombudsman