

The complaint

Mr R complains that PEBBLE PROTECTION LIMITED (Pebble) mis-sold him a new life insurance policy, that left him with considerably less cover than he had previously.

What happened

Mr R says he had a term assurance policy in place, which provided him with £200,000 of cover for an £88.10 initial monthly premium. It was level term assurance, with a term of 20 years. It was taken out through an independent broker.

Mr R says he was contacted by Pebble in November 2020. He says that he was told he could increase the level of protection he had (to approximately £235,000), for a slightly increased monthly premium of £94.

Mr R says he confirmed acceptance of the quote and proceeded with the new cover. However, he says that in June 2021 (over six months after the sale), he was written to by the policy provider to say that they were reducing the level of cover provided for the premium. Following receipt of medical information, the provider says they had requested in February and April 2021, the cover was reduced to £139,059 for the £94 premium.

Mr R complained to Pebble. He said that he would never have cancelled his initial policy if he had known that he might have ended up with less cover for a higher premium. Pebble said they couldn't provide any information from the sale of the policy. They said it was done on the phone and it had not been recorded. They said they hadn't done anything wrong and that they weren't aware of any adverse medical information. They said it was for the insurer to underwrite the policy and cover can be reduced.

Mr R brought his complaint to our service. Our Investigator looked into it. He didn't think Pebble had done anything wrong. He said policies were subject to underwriting and change and this wasn't Pebble's fault. Mr R maintained he hadn't been treated fairly.

As no agreement was reached, the case has been passed to me for a decision.

I issued my provisional findings on the matter on 22 March 2024. An extract of which forms part of my final decision below.

"My provisional decision

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 have come to a different conclusion to the investigator and I intend to uphold this complaint. Let me explain why.

Mr R has ended up with less cover than his initial policy, for a higher premium. As the succeeding policy was sold to Mr R (through what he says was an unsolicited phone call), I believe, in the absence of any information from Pebble from the sale of the policy, that it was mis-sold to Mr R. I will explain why.

Mr R's succeeding policy was taken out on incorrect terms (incorrect date of birth and without the required medical information). I haven't been provided with any information from Pebble to show this wasn't their fault and that they took the information as presented from Mr R. Considering Mr R called to change his date of birth when he was given the policy information, and considering Mr R knows his date of birth, I am satisfied this was the fault of Pebble.

I also don't have a copy of the sales call, to confirm what medical information they got from Mr R. Or to find out if Mr R was made aware that the policy could be subject to change and that he could keep the initial policy until the succeeding one had all the terms agreed. Pebble should compensate Mr R for the impact this has had. This is approximately three years of thinking that he had ended up with less cover for a higher premium. This has also taken longer to deal with as we haven't been provided with any information to show what happened at the point of sale.

I think that a fair resolution considering the impact this has had on Mr R (and considering that we are asking the policy provider to reinstate Mr R's original policy – putting him back in the position he would have been in) is to pay him £400 for the distress and inconvenience caused.”

Pebble responded to say that they accepted the findings set out in the provisional decision and had nothing further to add.

Mr R provided a full and substantial response. Amongst the points he replied with, he said:

- Pebble should have provided more information from the point of sale, including the phone calls.
- The £400 compensation for the distress and inconvenience suffered is insufficient.
- Mr R gave further examples of the impact this has had on him and his mental health.

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.

Whilst I acknowledge the points Mr R raises, I remain of the view that £400 compensation sufficiently compensates him for the impact of this mis-sold policy. This is in light of the fact that the policy will also be reinstated and that Mr R will be refunded any extra premium he has paid, with interest.

I want to make Mr R aware that the aim of our redress is to put customers back in the position they would have been in, had an error not occurred. I believe the reinstatement, refund and compensation does that. We are not here to punish businesses or award punitive damages. Whilst we review each case on its own merits, the £400 figure is in line and consistent with other awards involving impact such as this.

Mr R has made a good point regarding the lack of information provided to us by Pebble. However, the complaint has been upheld regardless of this.

I know that Mr R has been impacted by this matter and its ongoing nature for over three years. He has made me aware that it has impacted his mental health and I know the worry of having spent this time thinking he had a significantly reduced level of protection. However, I am glad that is to be put right and I am satisfied that the £400 compensation is sufficient in this case.

My final decision

My final decision is that I uphold this complaint. PEBBLE PROTECTION LIMITED should pay Mr R £400 for the distress and inconvenience caused by this mis-sold policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 17 May 2024.

Yoni Smith
Ombudsman