

The complaint

Ms B has complained about advice she received from Castle Financial & Mortgage Services ("Castle").

What happened

Ms B says that she contacted Castle in 2022 to enquire what the best policy for her would be – her priority was family protection if she were to pass away. She has complained that Castle advised her to cancel her existing whole of life policy and instead take out a critical illness policy. She was advised to take out a new policy with a new provider, on the basis that it was better than her existing policy. Ms B says that she didn't realise her new policy didn't have life cover until a few months after it had started.

In order to investigate the complaint our service contacted Castle on several occasions. It agreed to send its business file – but never did so. Ultimately our investigator issued their view. They recommended that the critical illness policy be cancelled and Castle pay Ms B an amount equivalent to the sum that she had paid in premiums. They also recommended that Castle pay Ms B £500 in compensation for the trouble and upset that she had been caused.

Castle didn't respond to the view. However our investigator managed to speak to the adviser at Castle who confirmed they had received the view. They agreed to pay the recommended compensation but said they would email shortly with their response. Again no response was received.

Ms G responded. She didn't agree with the recommended outcome. In summary she said that although she read the new policy and accepted it verbally, she didn't receive a suitability letter, quotes or documentation to show that the policy was suitable and right for her. She said that she had been asked to backdate a questionnaire/fact find. Ms G felt that the settlement proposed by the investigator was derisory and gave the adviser no disincentive not to do the same again to someone seeking expert advice.

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.

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've fully reviewed the file and considered the representations Ms B made after our investigator's assessment. For the following reasons I agree with the conclusion reached by our investigator:

- I've considered, amongst other things, the relevant regulatory rules and guidance,

and the evidence Ms B has provided to decide whether I think Castle treated her fairly.

- Without any evidence to the contrary from Castle, I accept that Ms B was told by Castle that the policy it was recommending was a better alternative than her previous one. In truth, the two weren't comparable. Her existing whole of life policy was for a much greater insured sum – over £200,000. And the policy recommended didn't have life cover at all, only critical illness to age 75 with a benefit of £40,000. So I don't find that the recommendation was a suitable one.
- Ms B has said that she read the new policy document, but that she didn't notice her policy didn't have life cover. I've seen the cover letter Ms B was sent by the provider and find that the cover she was purchasing was made clear. Nevertheless I accept that she was reliant on the advice Castle had given her, and was under the impression she had purchased a better policy for her needs.
- I find that Ms B suffered upset and inconvenience when she became aware that the policy she purchased didn't contain life cover. Although it hasn't been necessary to claim on the policy, I find that compensation is merited for the trouble and upset Ms B has been caused. However taking everything into account, including the length of time the policy has been in force, I'm satisfied that £500 is fair in the circumstances. I have not disregarded the fact that an eligible claim for a critical illness cover under the new policy would have been met.
- As Ms B wanted life cover, I find it fair in the circumstances that she be refunded a sum equivalent to that she has paid to date for the critical illness policy as this wasn't suitable for her needs. Castle should advise the provider to cancel the policy. But Ms B should be aware that it would be prudent to check the cancellation is effective and to also cancel any direct debit. She can then take out a policy that accords with her demands and needs.
- I note Ms B's comment regarding the actions of Castle – but this Service doesn't regulate financial firms or seek to punish them. Rather we look to resolve individual disputes.

Putting things right

I require Castle to:

- Advise the policy provider to cancel the policy. If the provider requires Ms B to make direct contact, Castle should advise her of this.
- Pay Ms B a sum equivalent to that which she has paid in premiums for the mis-sold policy to date.
- Pay Ms B £500 in compensation.

My final decision

My final decision is that I uphold this complaint. I require Castle Financial & Mortgage Services to put things right as indicated above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 17 June 2024.

Lindsey Woloski
Ombudsman