DRN-4769361

The complaint

Mr C complains he was mis-sold a whole of life policy by Best Practice IFA Group Limited. He says he was given inaccurate and misleading advice about the affordability of the policy, and the adviser told him his premiums would go up in line with inflation when in reality they went up at twice this rate.

What happened

In early 2020, Mr C was advised to take out a whole of life policy by an appointed representative of Best Practice. He commenced a policy with a sum assured of £60,000 and a premium of £117.62. The policy was taken out with an increasing (indexation) benefit which meant the cover amount would increase in line with the Retail Prices Index (RPI).

The policy cover was increased at the anniversaries in 2021, 2022 and 2023.

In November 2023, Mr C raised a complaint with the adviser who sold him the policy. He was concerned about the increase in premiums since he took out the policy, and felt he had been mis-advised about the indexation included on the policy. Best Practice (trading as Benchmark) responded to the complaint but it didn't uphold it. In summary it said:

- It was satisfied that the recommendation to take out a whole of life policy was suitable and met Mr C's agreed objectives.
- The adviser highlighted the features of the policy, including the sum assured, premium, indexation and guaranteed premiums. And it would have also been explained that you can decline an indexation increase for two consecutive years before it would be removed completely on the third consecutive decline.
- He was sent the policy documents – which clearly reference the indexation terms and aren't misleading.

Mr C didn't accept the response, so referred his complaint to this service for an independent review

One of our investigators looked into the complaint but didn't uphold it. In summary he said:

- Looking at Mr C's circumstances, the policy was suitable as he wanted cover for whole of life as opposed to term assurance. It offered a guaranteed sum assured and the type of protection he wanted.
- When considering his finances, the premiums were affordable as he would still be left with enough disposable income each month that he could continue to save or use for unexpected spending. There was also enough spare income to cover the indexation increases the policy would encounter.
- The issue of how the indexation worked, has been covered in another complaint where an ombudsman made a decision that the documents provided weren't misleading and information was provided in writing for Mr C to know about how the indexation worked.

Mr C responded and requested an ombudsman reaches a decision on the complaint. In summary he said:

- The complaint was never about affordability at the time of advice, it's about the basis on which the policy was sold and the affordability going forward.
- His recollections are verified by the recommendation letter. The adviser clearly states that the sum assured and the premiums will rise in line with inflation. This is self-evidently wrong, inaccurate and misleading. The sum assured does rise exactly in line with inflation, but the premiums rise at exactly twice the rate of inflation and therefore not in line with inflation.
- He would not have bought this policy if he had been accurately informed of the true indexing between premiums and inflation.
- In his previous complaint the ombudsman made it clear they weren't looking at how the policy was sold, and looked at how the way the policy was represented and managed by the product provider, which is an entirely separate issue.

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 have considered the overall suitability of the advice. I'm satisfied that the product recommended was suitable for Mr C's needs and objectives at the time. He was looking to provide a lump sum benefit for his children on his death, and this policy met this need. Mr C has also been clear there were no issues with the affordability of the initial premium.

At the crux of Mr C's complaint is the affordability of the policy on an ongoing basis and how the indexation benefit was explained to him by the adviser. So, I will focus the rest of my findings on these points.

Mr C says the indexation wasn't clearly explained to him. He says he was led to believe that both the sum assured and the premium would increase with inflation, but he has now discovered that only the sum assured increased in line with inflation, and the premium could increase at twice this rate. His concerns are about the ongoing affordability of the policy, and he says he wouldn't have taken it out if he was given accurate information by the adviser.

I have considered the available evidence – this includes Mr C's recollections and the sales documentation provided by Best Practice (in particular the policy document, key features document, fact find and recommendation letter).

Based on Mr C's circumstances at the time, I'm not persuaded the indexation benefit was unaffordable for him on an ongoing basis. It does appear he had sufficient disposable income to accept premium increases in the future. The policy also allowed him to reject the indexation in any giving year, if for example his circumstances change and he could no longer afford to meet the increase. So, I don't find the recommendation to include indexation with the policy itself to be unsuitable.

In terms of the information provided, I think it is reasonable for an adviser to support the advice by using the policy documentation produced by the provider when explaining the features of the policy they are recommending. The key features document and policy document that were provided to Mr C, do explain the indexation benefit, and state the premium increases will be calculated as a multiple of the percentage increase in the cover amount by no greater than two times. It is also made clear that you do not have to accept the increase at each anniversary if you don't want to pay the higher premium. So, I find Mr C was given information that clearly explains how this benefit would work during the sales process.

But I have considered Mr C's points around the contents of the recommendation letter supporting his recollection that he was told the premium increase would only be in line with inflation. This letter covers the indexation benefit and simply explains that the premiums and cover will increase each year in line with inflation. So, I accept that this doesn't provide the full detail of how the increases would differentiate, and the fact the premium increase would include a multiplier of the inflation increase. While this information could have been made clearer by the adviser, I don't think it would be fair to take this statement completely in isolation where Mr C was pointed to other information that provided a more detailed explanation of the product.

Even if I accept Mr C was mis-led (but for clarity this isn't my finding), I'm not persuaded it would have led him to make a different decision about taking out the policy. As already noted, I don't find the inclusion of indexation itself to be unaffordable to Mr C. He was able to reject any premium increases he didn't find affordable at each policy anniversary. I note that when he was sent letters by the provider at the subsequent anniversaries, there was information to say he could contact the provider if he didn't want to the make the changes. While I acknowledge he did raise concerns when he received the 2022 increase figures, I haven't seen he exercised the option to reject the increases. So, if he was given clearer information on the premium calculation as part of the indexation during the sale, I find it more likely he would have still decided to take policy out as he still had the ability to reject any future premium increases he didn't find affordable and he could also remove the indexation completely.

I understand this will come as a disappointment to Mr C, but I haven't been persuaded the policy was mis-sold to him by Best Practice, so it follows that I won't be asking it to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 October 2025.

Daniel Little
Ombudsman