

The complaint

Mr and Mrs W complain that they were mis-sold a whole of life policy by an independent adviser representing Sesame Limited (Sesame).

What happened

Following advice from a Sesame representative in December 1991, Mr and Mrs W took out a whole of life policy which commenced in February 1992.

It was a joint policy, with an initial sum assured of £100,000 and a monthly premium of £23.30. This was increased just over a year later as part of an offer to protect against inflation.

The policy was due to review (checked to ensure the level of premium was sufficient to maintain the level of cover) after ten years and then every five years, until Mr and Mrs W reached 70 years old. The policy provider has said that the policy passed these reviews, until the 2022 review. It was here that Mr and Mrs W were asked to increase the monthly premium to £65 to maintain the level of cover.

Mr and Mrs W complained to Sesame (and raised a separate complaint against the policy provider). They said that the policy had been mis-sold to them and that they didn't know they could be asked to pay such an increased premium.

Sesame responded to say that they were satisfied that the recommendation that had been given to Mr and Mrs W was suitable. They also felt the reviewable nature of the policy was made sufficiently clear.

Mr and Mrs W remained unhappy and brought their complaint to our service for an independent review. Our investigator looked into it. She said she also thought the recommendation was suitable. She said she felt it met their needs at the time.

Mr and Mrs W didn't agree. They maintained that they weren't made aware that the premium could increase as much as it is. As no agreement was reached, the case has been passed to me for a decision. I issued my provisional findings on the matter on 24 April 2024, an extract of which forms part of my decision below.

Firstly, I am mindful that the majority of Mr and Mrs W's complaint issues relate to the most recent failed policy review. As we have explained, complaint points regarding the outcome of reviews and the application of the policy terms are for consideration against the policy provider. Due to the amount of time that has passed, we don't have much documentation from the point of sale. Which is to be expected. However, we do have some, including the policy schedule and booklet.

Mr and Mrs W's circumstances at the point of sale were that they were 29 and 27 years old respectively. They have told us when raising the complaint that at the time of the advice Mrs W was a housewife raising their two

children and Mr W was employed and earning approximately £9,000. They also confirmed that the policy was taken out to provide family cover in the event of their death and to provide sufficient funds to cover funeral expenses.

I note that the policy is still in place for these purposes. Based on what we know about their circumstances at the time of the sale, I am satisfied that the recommended policy was suitable. Whilst Mr and Mrs W haven't complained that they didn't know the policy was reviewable, I am also satisfied that this was made clear to them.

What Mr and Mrs W have specifically complained about however, is that they didn't know there could be a request for a premium increase of more than 125% following a review. They have pointed to the product brochure from the time of sale, which they say states this won't happen. However, I can't find that the adviser did anything wrong or mis-sold the policy in regard to this.

The policy was written as a 'qualifying' policy for tax purposes. This means that the proceeds are free of tax for the beneficiary, providing the policy is held to maturity. One of the conditions of this is regarding the premiums not increasing to more than 125% of the starting premium. I have been made aware that the policy provider is interpreting these rules and the conditions in a certain way, which is being considered separately. However, as the adviser wasn't aware how the provider would manage the reviews and interpret the rules and conditions, I can't hold them responsible. I am satisfied that the adviser didn't mislead Mr and Mrs W at the time of sale.

In summary, I am satisfied that the recommendation from the representative of Sesame to take out a whole of life policy was a suitable one. I also don't believe that the adviser mis-led or mis-sold the policy in regard to any potential future premium increases.

Mr and Mrs W didn't reply with anything further to my provisional decision.

Sesame responded to confirm they accepted the findings and had nothing further to add.

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.

As neither party have provided me with anything further to consider, my decision remains as set out above.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 10 June 2024.

Yoni Smith
Ombudsman