DRN-4798553

The complaint

Mr H says Suttons Independent Financial Advisors Limited mis-sold him a life insurance policy ('the policy').

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. I'll instead focus on giving the reasons for my 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.

Suttons recommended the policy to Mr H so it had a regulatory obligation to ensure that it was suitable for his needs. It also had to provide Mr H with clear, fair and not misleading information about the main features of the policy. I know Mr H will be very disappointed but, for reasons set out below, I don't uphold his complaint.

- I'm satisfied that the policy was suitable for Mr H's needs. He already had life insurance in place, which was due to expire around four years after the policy was sold to him. The information form completed by Suttons around the time the policy was sold reflects that Mr H was worried about losing life cover when the life insurance he had in place expired as he would still have an outstanding mortgage in place and he wanted to continue to provide financial support to his grandchildren.
- The policy he ended up with did provide a benefit of £200,000 rather than the £250,000 benefit his existing life insurance offered him. It was also over £100 more expensive each month. However, I don't think those factors made the policy unsuitable in the circumstances of this case.
- Looking at the information from the time, I'm persuaded £200,000 benefit was still suitable for his needs and although the monthly premium was more expensive, Mr H had cover up until his 80th birthday, whereas his existing life insurance would've ended when he turned 75. Further, the premium included a 50% 'loading' for the first two years due to a medical condition Mr H declared when applying for the policy. However, from what I've seen, I'm persuaded that this loading could've reduced after two years.
- I've taken into account what Mr H says about potentially waiting until the existing life insurance he had in place was close to expiry before looking to take out another life insurance policy (or indeed once the proposed two year loading had ended). That would've been a possibility, but I don't think the recommendation to cancel his existing life insurance to take out the policy was unsuitable at the time. From my experience, it's likely that a life insurance policy is more expensive the older you are. And in another four years' time, despite what Mr H says about being fit and healthy, if he'd developed any further medical conditions, a life insurance policy is likely to have been more expensive (or potentially, he might have been declined cover (or offered

cover with relevant exclusions)).

- I also note that Mr H says he had savings that could've been used if required once the original life insurance policy expired. However, there's no certainty that he would've had the same level of savings once he turned 75. Further, the information from the time reflects that Mr H wanted to "retain control of capital" and I'm satisfied that this is most likely to have been a factor why Suttons recommended Mr H to take out a new life insurance policy to cover him beyond the age of 75. And I don't think that advice was unsuitable.
- Mr H also says the policy wasn't set up in trust and so if he'd died and a successful claim had been made on the policy, the benefit paid would've been subject to inheritance tax. However, I'm satisfied that the policy was capable of being set up in trust at the outset or during the lifetime of the policy. So, although it wasn't set up in trust at the time, I don't think that meant the recommendation to take out the policy was unsuitable. Further, as the policy has now been cancelled, not completing a trust document hasn't resulted in any financial loss in this case.
- Looking at the other main features of the policy, I'm not persuaded that there was anything else which made the policy unsuitable. Based on the information I've seen – and for reasons set out above – I'm persuaded there was a need for Mr H to have life insurance beyond 75 years old and I don't think the terms of the policy made it unsuitable for him.
- It doesn't look like Mr H was given a suitability letter, setting out what was discussed, the advice about why the policy was suitable for him and explaining the policy's key features. Although he ought to have received such a document, I don't think that made the recommendation unsuitable.
- I'm satisfied that Mr H was given clear, fair and not misleading information about some of the key features of the policy such as the monthly premium, benefit amount and expiry date. However, it's possible that he wasn't given information about all the key features. But I've seen nothing which persuades me that had Mr H been given more information about the other key features of the policy, he would've been put off taking it out at the time.

My final decision

I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 July 2024.

David Curtis-Johnson
Ombudsman