

The complaint

Mrs E and Mr E have complained that they were mis-sold life insurance by Countrywide Principal Services Limited.

What happened

In 2020 Countrywide Principal Services Limited sold Mrs E and Mr E a life insurance policy – they were buying a new home at the time. Sadly in 2023 Mr E suffered a stroke. When he contacted the insurer to make a claim he was advised he didn't have critical illness cover. Mrs E and Mr E complained to Countrywide. Countrywide say life and critical illness cover was recommended but it was outside Mrs E and Mr E's budget so life cover only was recommended.

Unhappy Mrs E and Mr E brought their complaint here. Our investigator didn't find that that Countrywide had done anything wrong. Mrs E and Mr E appealed. In summary they didn't agree with the evidence Countrywide had presented from the sale – they didn't feel that this evidence reflected the conversations that they had had. They say that they had always had life and critical illness cover and it was paramount to their needs. Additionally, they pointed out that the sale of their home didn't go through until August 2021 so new recommendations should have been made at that time. Our investigator didn't change his opinion so that matter has been referred 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'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 made with care. Having done so I agree with the conclusions reached by our investigator. I'll explain why.

As Countrywide was giving advice, the relevant regulations say that it had to be suitable. So I've looked carefully at the circumstances here to see if the advice was suitable and to see whether Mrs E and Mr E were treated fairly.

Mrs E and Mr E met with a Countrywide adviser in November 2020. The adviser completed a fact find, a summary of which was sent to Mrs E and Mr E. As far as relevant to this complaint this said as follows:

Life - Mortgage: You have both indicated that you consider it important to provide a lump sum benefit to repay your mortgage upon death or diagnosis of a terminal illness.

Critical Illness - Mortgage: You have both indicated that you do not consider it

important to provide a lump sum benefit to repay your mortgage upon suffering a critical illness or becoming permanently disabled.

The adviser did recommend a Life cover with critical illness policy, but Mrs E and Mr E didn't accept this recommendation as they felt it was unaffordable. The fact find says:

You did not accept this recommendation as you felt the policy was unaffordable. We therefore have proceeded with a life policy only, to cover you both. We have therefore put in place life only policy for both of you.

Although Mrs E and Mr E say that in November 2020 their budget and disposable income wasn't discussed, the detailed figures set out in the fact find persuade me that it was. I find that the reasons for the recommendation were clear and that the advice was suitable based on requirements and suitability. I note that Mrs E and Mr E say they didn't receive this document, but it was sent to their correct address so I don't find that Countrywide is at fault.

Mrs E and Mr E say that their recollection of the meeting was that insurance was never discussed. Although they say that they received a quotation for life insurance of £79.35 on that date. They subsequently received an acceptance offer for the insurance at a £30 increase – they assumed it included critical illness cover and signed in agreement.

Mrs E and Mr E also say that completion on the sale was delayed and that there should have been a new quote done at this time. But I'm satisfied that this is what happened. In August 2021 the adviser's notes show that the original quote had expired so she needed to re-quote. There were a couple of calls, but in the second the adviser notes that Mrs E and Mr E did wish to proceed with the life insurance. This was then actioned, quote sent and agreed and the insurer sent the schedule and policy details to Mrs E and Mr E.

It is not disputed that Mrs E and Mr E previously had life and critical illness cover. The issue here is that the price for life and critical illness to cover their new borrowing at that time was more than their budget allowed. The notes show that they opted to proceed with life cover only. I appreciate that the notes don't correlate with Mrs E and Mr E's recollections of the conversations, but I'm not persuaded that the contemporaneous notes are incorrect.

Sadly Mrs E and Mr E had a need to make a claim in 2023 and contacted the adviser. She emailed to ask for a copy of the policy document and the reason the claim was declined. Mrs E and Mr E believe that this is evidence that the adviser thought that they had critical illness cover. I don't agree. It was many months since the sale had taken place and it wasn't unreasonable to ask for details in order to respond to the client request.

I'm sorry that my decision will bring disappointing news. I recognise that Mrs E and Mr E feel they have been mistreated and mis-advised. But for the reasons given I don't find that the adviser mis-sold, or under-sold, insurance to Mrs E and Mr E. I do appreciate that there may have been a misunderstanding as to what cover they had purchased, but overall I don't find that there was any fault on the part of Countrywide.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E and Mr E to accept or reject my decision before 22 July 2024.

Lindsey Woloski
Ombudsman