

The complaint

Miss P has complained that Mortgage Advice Bureau Limited (“MAB”) failed to put into place life and critical illness and income protection policies.

What happened

The background to this complaint is well known to the parties so I won’t repeat it in detail here. In summary Miss P had an appointment with a MAB adviser in 2021 for a review of her insurance requirements. Life and critical illness cover together with income protection was recommended. However the application was postponed by the underwriter so never put in place. Miss P was advised of this in 2023.

Miss P complained that she was not fully covered for life insurance and she couldn’t now get the same cover she would have been able to get had the adviser done its job correctly.

MAB said that it seemed that the reasons that Miss P was declined was BMI and stress as well as medical. It didn’t agree that if the applications had been approved in 2021 the premiums wouldn’t have risen.

Miss P referred her complaint to our service.

Our investigator recommended that the complaint was upheld in part. He didn’t agree that MAB should source a policy such as the one originally recommended and put it into place now. But he did think that MAB had failed to keep Miss P updated as to the outcome of her application. He recommended that compensation of £150 was paid to her.

MAB agreed but Miss P didn’t. 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’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 reviewed the file and considered the representations Miss P has made with care. Having done so I agree with the conclusion reached by our investigator. I’ll explain why.

The relevant regulators rules say that firms must pay due regard to the interests of its customers and treat them fairly. So I’ve taken that principle into account, along with other relevant considerations, when deciding whether I find MAB treated Miss P fairly.

MAB made a suitable recommendation which accorded with Miss P’s stated demands and needs. This is recorded in the Fact Find completed by the adviser. Decreasing term life and

critical illness insurance was recommended as well as a low cost income protection policy with the same insurer. The policies recommended were subject to medical underwriting. To this end Miss P was asked to complete a health questionnaire. She did this and returned it to MAB. MAB forwarded it to the proposed insurer who in turn declined the applications for medical reasons. Up to this stage I don't find that the MAB adviser did anything wrong.

However the evidence I have seen shows that on 16 April 2021 MAB was advised by the insurer underwriter that the proposal hadn't been accepted. MAB recorded that the application had been "*postponed due to her health - need to check and find out why and let her know*". It isn't clear what then happened or why, but MAB didn't advise Miss P that her application had been declined. I find that this was a failing on the part of MAB.

Although it might have been apparent to Miss P that she wasn't paying any premiums, nor received any documentation regarding her policies, I note her comment that she has a specific learning disability that affects her daily life. So it may be that she wasn't aware, and I'm satisfied that she would have been upset in 2023 to learn that the policies weren't in force. For this I find that compensation is due for the disappointment she experienced.

Miss P feels that cover is now more expensive, and that she has been disadvantaged. It is possible that cover generally is more expensive than it would have been over three years ago. But Miss P wasn't offered cover at the time and I have seen no evidence to show that cover would have been offered with other insurers at the original prices quoted, if at all. Or if it had been offered, it wouldn't now have risen in price. I say this because of her medical issues at the time that would have needed to be disclosed on any application. So it isn't possible to conclude that MAB's error has had a financial impact on Miss P. I take into account too that she has not paid any premiums.

Miss P has said that if something had happened her family would have been disadvantaged. I agree that this is so. But fortunately, Miss P hasn't needed to make a claim and it wouldn't be reasonable to award compensation for something that didn't happen.

In all the circumstances I'm satisfied that MAB's error in not advising Miss P that her applications hadn't been successful at that time did cause Miss P upset. And as I indicated I'm satisfied that compensation is merited. I find £150 is fair and reasonable in all the circumstances.

My final decision

My final decision is that I uphold this complaint in part. I require Mortgage Advice Bureau Limited to pay Miss P £150 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 3 October 2024.

Lindsey Woloski
Ombudsman