

The complaint

Mr W complains Legal and General Assurance Society Limited (L&G) have provided poor service when administering a life assurance policy. He says he was given incorrect information when trying to make changes to the policy, and there have been problems with the way his queries have been handled.

What happened

In 2011, Mr W took out a protection policy. He paid a monthly premium, and the policy was designed to pay out a monthly benefit should he die before the policy expiry date in 2032. But after the expiry date the policy would end, and no benefit would be payable. The policy included indexation, which meant the premium and benefit payable went up each year in line with inflation. The policy was set up in trust, with Mr W as the settlor.

In October 2023, Mr W contacted L&G to raise a query about making amendments to the policy due to a change in his circumstances. He was told that the policy was held in trust, and that he would need to remove the existing trustees.

As he was unable to proceed as he wanted and due to the information given to him by L&G about his options, Mr W decided to lapse the policy. The last premium was paid in October 2023, and the policy was lapsed in February 2024 due to premium arrears.

In November 2023, Mr W raised a complaint about how his queries had been handled. L&G agreed to make him an offer of compensation, it refunded the last premium he paid.

Following this, Mr W referred the complaint to this service for an independent review.

One of our investigators looked into the complaint. He thought it should be upheld. He found there were failings in L&G's handling of Mr W's queries, and this had caused him distress and inconvenience. He recommended it pay Mr W compensation of £350 for this.

L&G responded to say it didn't agree. In summary it said

- It didn't agree it gave incorrect information in its letter of 5 October 2023 and during a later phone call about it not having a copy of the trust document. It only had a partial trust document, so it was reasonable to request Mr W provide a copy.
- It accepts mistakes were made when it spoke to Mr W on 10 November 2023 when it suggested a full trust document had always been on file.
- Also, it agrees, the first call on 3 October 2023 could have been more informative and it could have met Mr W's communication preference for email.
- It doesn't agree the impact of its errors are as significant as the investigator says. It made an offer of a refund of one month's premium, which equates to compensation of £130. It doesn't agree a further £350 in compensation is warranted.

As no agreement could be reached the complaint has been passed to me to reach a 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.

The crux of Mr W's concerns relates to how L&G handled the queries he raised about his policy when he contacted it to explain a change in his circumstances. I've reviewed all of the submissions made by both parties – including listening to the calls L&G has provided from the discussions it had with Mr W in October and November 2023. Having done so, I've found there were failings in how L&G dealt with the situation, so I agree that it needs to do something to put things right.

I'm satisfied from Mr W's initial inquiry it was apparent he was looking for support with regards to what he needed to do with his policy going forward. Mr W explained on several occasions he wanted to ensure that his ex-partner wouldn't benefit from the policy. It is also clear he didn't understand the policy was held in trust, and the implications this had to how changes could be made. It is very apparent from the initial call that Mr W was frustrated by the service he was being provided with, and he found the handler unhelpful. He also referred back to this call on several occasions in the later calls to explain how unhappy he was with how it was handled. I don't think this initial call was handled in a way that allowed Mr W to understand what his options were. I note L&G concede that this call could have been more informative, and it could have met his communication preference for email.

There was further confusion caused from the information given in a later call, where it was suggested by L&G that a full trust deed was always held. This was an error by the call handler. The impact of this was that Mr W felt he had been mis-led previously and felt messed around. While this was clearly a genuine mistake, it did exasperate the overall situation for Mr W, and make him feel he had been wasting his time. This is very apparent from the comments he was making in the call which led to the complaint being set up. Essentially it led to him losing all faith in L&G to help him.

In my view, much of the information that Mr W eventually got could have been given to him in the initial call. There was little attempt to get to grips with what the purpose of Mr W's queries were or give him help so that he could understand how his policy worked and the impact of it being in trust. Had this initial call been handled differently, it would have prevented Mr W from the hassle and upset that he was caused by the drawn-out process that eventually led to him agreeing to lapse the policy, once he understood it would be very difficult to make changes without the agreement of the existing trustees.

I understand L&G think the compensation suggested by the investigator doesn't reflect the extent of the impact of its errors. It considers the offer it paid of a refund of a month's premium as sufficient compensation for what has happened. But having considered the circumstances, I think it probable Mr W wouldn't have paid his October premium had his inquiries been dealt with effectively in the initial call as I think it likely he would have lapsed the policy sooner. So, I've taken this into account when considering overall what fair compensation looks like in the circumstances.

But in any case, I think L&G's handling of the situation has caused Mr W significant hassle, and he has suffered upset and frustration. I do think further compensation should be awarded to reflect this impact. The investigator has suggested £350 should be paid to Mr W. I find this is a fair and reasonable level of compensation in the circumstances, and in line with our approach where a business's mistake has caused distress and inconvenience over a number of weeks. Mr W made several calls trying to resolve something. The overall handling clearly caused him upset to extent he lost complete faith in L&G as a company. I think all of this could have been avoided, if his queries were handled better at the outset.

Having considered all of the evidence, I find L&G needs to pay Mr W a further £350 for the distress and inconvenience he has suffered as a result of the way it handled his queries about his policy.

Lastly, I note Mr W has referenced that the policy may have been mis-sold in the first place. L&G has confirmed that it didn't sell the policy to Mr W, and it was taken out through an independent financial adviser. This means it is not responsible for the sale of the policy – and any concerns Mr W has about the original advice to take out the policy would need to be directed at the adviser who recommended the policy to him.

My final decision

I uphold this complaint and I direct Legal and General Assurance Society Limited to pay Mr W £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 May 2025.

Daniel Little
Ombudsman