DRN-5003494

The complaint

Mr D complains about the sale of a life insurance policy by Connect IFA Ltd trading as Connect Mortgages ('Connect').

Mr D is represented by his wife, Mrs D.

What happened

In April 2022, Mr D took out a life insurance policy through Connect. It was a level term policy with a sum assured of £71,000 over a 15-year term, with a monthly premium of £64.80. The policy included index-linking, which meant the premiums and sum assured would increase to keep pace with inflation.

In 2024, Mrs D complained to Connect on Mr D's behalf about the sale. She thought the policy ought to have been set up on a decreasing basis, to cover the mortgage. She was unhappy the insurer had recently told Mr D the premiums were increasing to over £82 a month. Mrs D explained that when they'd tried to change the policy to a decreasing one directly with the insurer, they wouldn't cover Mr D due to his health conditions. Mrs D said that when taking out the policy, they'd disclosed that Mr D had diabetes, high blood pressure, coronary heart disease and sleep apnoea. She thought Connect hadn't recorded all these health conditions on the application.

Connect looked into Mr and Mrs D's concerns but didn't uphold the complaint. It said Mr D didn't tell it about his heart disease when taking out the policy. Connect also said that its adviser had explained the impact of index-linking on the premiums, and that this element of the policy could be removed at any time. Unhappy with Connect's response, Mr D brought a complaint to this service.

Our investigator didn't recommend the complaint be upheld. He thought Mr D had wanted level term cover, and that index-linking had been explained by the sales adviser. Our investigator also said that the insurer's medical questions had been asked by the adviser, and so he didn't think Connect had mis-sold the policy.

Mr D didn't accept our investigator's findings, and so the matter has been passed to me for 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.

This was an advised sale, which meant Connect had to recommend a policy that was suitable for Mr D, taking into account his needs. The adviser also needed to give Mr D sufficient information about the policy, so he could make an informed decision about whether to take it out.

I've listened to the call recordings from the time of sale.

Mrs D explained to the adviser that she and her husband had taken out a mortgage, and were finding they couldn't get life cover as Mr D had diabetes and high blood pressure. She said they were looking for cover of £70,000 to match their mortgage with an 11-year term. But she also wanted a quote for 15 years. The sales adviser and Mrs D had a discussion about Mr D's health conditions of high blood pressure, diabetes, and sleep apnoea.

In the next call, the adviser explained he'd found an insurance provider that would offer decreasing cover for Mr D with a sum assured of £70,000 over 11 years, so it would reduce in line with the mortgage. Mrs D asked if the medical disclosures had been made, including Mr D's sleep apnoea. The adviser explained the insurer's question (relating to breathing) had only asked about the last two years, and so Mr D's sleep apnoea didn't need to be disclosed, as Mrs D had confirmed he hadn't seen a doctor in the last two years. The adviser explained they'd go through the application in full and the questions needed to be answered truthfully and honestly.

The adviser made Mrs D aware of the option to have a level term policy instead of decreasing, and explained what that meant. Mrs D said they'd rather have that, so long as it was affordable. Mrs D also wanted to extend the term to 15 years (and also confirmed the mortgage was nearer £71,000). The adviser generated some quotes, and Mrs D wanted to go ahead with a level term policy in Mr D's name for £71,000 over 15 years.

The adviser then went through the insurer's medical questions asked on their application form with Mr D.

The adviser asked Mr D if he had diabetes or a heart condition (and gave examples of heart conditions). Mr D answered some further questions about diabetes (as the adviser was already aware he had this condition). However, Mr D didn't mention his heart condition.

The adviser asked if Mr D had contacted a doctor or other health professional in the last five years about raised blood pressure. It seems the adviser was going to answer yes to this (presumably because he'd had a discussion with Mrs D about Mr D's high blood pressure), but Mr D confirmed he hadn't contacted a doctor in the last five years about it, so the answer was no.

Finally, the adviser asked if Mr D had contacted a doctor or other health professional in the last two years about any condition affecting his breathing. Mr D said no (which was in line with the information previously given to the adviser relating to Mr D's sleep apnoea).

I haven't seen Mr D's medical records, but based on what he and Mrs D have said about Mr D's medical conditions, it seems to me that the only question Mr D answered incorrectly related to his heart condition. This condition wasn't mentioned in any of Mr and Mrs D's discussions with the adviser about Mr D's health, and wasn't disclosed in response to the question the adviser asked.

I'm satisfied the adviser asked Mr D the medical questions that were on the insurer's application form and completed the form based on Mr D's answers.

In terms of the type of policy taken out, if Mr D had only wanted to protect the mortgage, then a decreasing policy with an initial sum assured of £71,000 over an 11-year term would have been appropriate. This is what the adviser initially recommended. However, following further discussions, Mr and Mrs D decided to change this to level term cover for £71,000 over a 15-year term. That was because they wanted there to be a lump sum for Mrs D after the mortgage was repaid in the event of Mr D's death, and this was still affordable for them. I'm satisfied this policy met Mr D's needs and requirements.

Following the above calls, Mrs D wanted more information about the increasing cover that had been selected for Mr D. The adviser called her about this and explained again what index-linking meant, and that the premiums would increase. He said the insurer would apply the increase each year. Mrs D asked what they could be paying in five years' time, and the adviser said he couldn't give an exact amount, though he could say that historically the increase had been pennies, so she wouldn't see it increase by £20. Mrs D confirmed her understanding that if the increase went up by a lot, then they could remove it, and the adviser confirmed that was correct.

Whilst the adviser didn't make any guarantees about the future increases to the premium, I think he was wrong to say it wouldn't increase by £20, as he couldn't know this. However, I don't think Mr D has been impacted by this. I say that because the index-linking was optional. I've checked the insurer's policy terms, and this confirms that if increasing cover is held (index-linking), they will write to the insured at least three months before the policy anniversary to advise what the increase would be. The insured would have the option to accept the increase or decline it. The adviser made this clear to Mr and Mrs D, and they understood they could refuse the increase if it was too much for them. So, even though I think the adviser should have made it clearer that he couldn't estimate any future increases, this hasn't caused Mr D to experience any financial loss.

Overall, I don't find that this policy was mis-sold to Mr D.

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 Mr D to accept or reject my decision before 3 January 2025.

Chantelle Hurn-Ryan
Ombudsman