

The complaint

Mrs S applied for a mortgage decreasing life insurance policy with critical illness cover ('the policy') with Legal and General Assurance Society Limited, via a third party. She's unhappy that Legal and General Assurance Society Limited started the policy even though a start date hadn't been agreed and then gave the wrong information about why this happened.

What happened

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

Legal and General has an obligation to treat customers fairly and conduct business with due skill, care and diligence. It has recently accepted that the policy was set up without Mrs S providing a start date and when she questioned why, it wrongly told the third party who arranged the policy that Mrs S had contacted it to ask for the policy to be started.

As Legal and General has accepted responsibility for this, I'm satisfied that I don't need to make a finding about how or why this happened. But I have considered the impact of these errors on Mrs S.

I accept that Mrs S would've (rightly) been very upset to discover that the policy had started despite receiving a letter from Legal and General in November 2021 (around a month after completing an application) that the policy wouldn't start until she confirmed what date she wanted cover to start from. I also accept that it would've been upsetting and confusing for her to find out that the first monthly premium had been taken from her account (but returned subsequently) and the impact would've been exacerbated by being told (wrongly) that she'd contacted Legal and General to start the policy when she knew that to be untrue. She was also put to the unnecessary inconvenience of trying to get to the bottom of what happened.

Legal and General has already paid £150 compensation to Mrs S for distress and inconvenience. After bringing her complaint to the Financial Ombudsman Service, Legal and General has offered to pay an additional £150 compensation (so, £300 in total). Whilst Legal and General caused Mrs S unnecessary distress and inconvenience, I think the total compensation amount now offered fairly reflects the impact on Mrs S.

When making this finding I've taken into account that Mrs S didn't end up with the policy. She says she lost trust and confidence in Legal and General and was ultimately left without life and critical illness cover. However, I don't think it would be fair and reasonable to hold Legal and General responsible for her not ending up with this cover. Whilst I can understand that she was upset and frustrated about what happened and being given incorrect information about why it happened (which she knew to be untrue), I'm satisfied that she could've obtained life and critical illness insurance with Legal and General. Alternatively, I've

seen nothing to conclude that she couldn't take out similar cover with another insurance provider at the time, which she didn't do.

Putting things right

I direct Legal and General to pay Mrs S £300 compensation for distress and inconvenience. From this amount, it can deduct £150 already paid to her.

My final decision

I uphold this complaint to the extent set out above and direct Legal and General Assurance Society Limited to put things right as set out above.

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

David Curtis-Johnson
Ombudsman