

## **The complaint**

Mrs Y complains that Legal and General Assurance Society Limited ('L&G') didn't carry out due diligence when placing her life insurance policy into a trust, and refused to later amend the trust without the consent of all the trustees.

## **What happened**

In 2019, Mrs Y took out an Over 50's life insurance policy with L&G. In 2020, Mrs Y placed the policy into a discretionary trust. Mrs Y was both the settlor and a trustee, and her grandson (Mr Y) was named as a second trustee and beneficiary.

In 2023, Mrs Y's son asked L&G to remove Mr Y as a trustee as he wanted to replace him as the second trustee. L&G said that both Mrs Y and Mr Y would need to agree to remove Mr Y as a trustee and a beneficiary. Mrs Y's son was unhappy about this and said Mr Y refused to speak with him or Mrs Y about the matter. Mrs Y's son said that Mr Y would have coerced his mother into signing the trust deed and thought L&G had failed to carry out due diligence when setting up the trust.

Mrs Y stopped paying premiums and so the policy lapsed, and the trust ended. Mrs Y's son brought a complaint to this service on her behalf. He thought L&G should return all the premiums she'd paid, plus compensation.

Our investigator didn't recommend the complaint be upheld. He thought L&G had acted reasonably by refusing to remove Mr Y as a trustee without the consent of all the trustees.

Mrs Y's son didn't accept our investigator's findings on her behalf, 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.

L&G says that all the trustees would need to agree to allow Mr Y to retire as a trustee and for him to be removed as a beneficiary.

The trust deed explains that the trustees are the legal owners of the policy, and their authority is required for any dealings with the policy. The trust deed also refers to the Discretionary Trust technical guide for further details about the terms of the trust.

The Discretionary Trust technical guide says that a trustee can retire from the trust with the consent of the other trustees. Though the circumstances were slightly different here, in that Mrs Y (as a settlor and trustee) wanted to remove another trustee without their consent. Given that a policy held in trust is a legal arrangement and the trustees are the legal owners of the policy, I think it was reasonable for L&G to say that all the trustees would need to agree to the changes Mrs Y wanted to make.

When L&G sent Mrs Y the trust pack to complete, it made it clear that it would need the agreement from all the trustees in order to amend the policy or the trust. So, I'm satisfied that L&G acted reasonably by refusing to remove Mr Y as a trustee and a beneficiary without his agreement.

I've also considered whether L&G carried out due diligence when setting up the trust.

L&G advised Mrs Y to check the trust form and policy carefully with her legal and financial advisers to ensure they were completed correctly and were suitable for her circumstances.

Mrs Y completed and signed the trust deed in the presence of a witness (who appears to be another family member) and she named Mr Y as a second trustee and beneficiary. She also completed a separate letter of wishes form and said that she wanted her life insurance to be paid to Mr Y in the event of her death. Again, this was witnessed by a family member.

Given that Mrs Y's completion of the trust deed and letter of wishes form were witnessed by a third party, I'm satisfied that L&G had no reason to question its validity. Although Mrs Y's son suspects that she was coerced into putting the policy into trust, I haven't seen any evidence supporting this, and so this appears to be a dispute between the trustees.

Mrs Y's son says that the relevant trust deed amendment form was completed in 2020 by both Mrs Y and Mr Y which removed Mr Y as a trustee. He says the form was sent to L&G at the time. However, L&G has no record of receiving a completed form, and Mrs Y's son has no record of sending it.

In all the circumstances, I don't find that L&G did anything wrong here.

### **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 Y to accept or reject my decision before 16 January 2025.

Chantelle Hurn-Ryan  
**Ombudsman**