

## **The complaint**

Mr H complains that Pennymatters Limited mis-sold him a life and critical illness insurance policy.

## **What happened**

In 2014 Mr H took out a life and critical illness policy. He was advised about the suitability of the policy by Pennymatters. In 2023 Mr H made a claim on the policy for spinal stenosis which was declined as Mr H didn't have cover for Total and Permanent Disability benefit (TPD). Mr H complained to Pennymatters.

Pennymatters investigated what happened and didn't uphold Mr H's complaint. They said the policy the advisor recommended was suitable for Mr H's needs and there was no evidence the policy was mis-sold. Mr H referred his complaint to the Financial Ombudsman Service.

Our investigator looked into what happened and didn't uphold Mr H's complaint. He didn't think the evidence suggested that it was most likely the policy was mis-sold. Mr H provided further information in support of his position that the policy wasn't right for him. However, this didn't change the investigator's thoughts about the overall outcome of the complaint. So, Mr H asked an ombudsman to review the complaint.

## **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.

Mr H was given advice about the taking out the policy. That means, in line with the relevant rules and industry guidelines, it was for Pennymatters to ensure the policy was right for Mr H, considering his demands and needs. And they also needed to ensure that Mr H had enough information to decide if the policy was right for him.

I'm very sorry to hear about the circumstances leading up to Mr H's claim. It's clear it's been a very difficult time and I understand that Mr H has had to go through a number of difficult procedures. I have a lot of empathy for what he's said about his circumstances. However, I'm not upholding Mr H's complaint because I'm not persuaded the policy was mis-sold to him. I'll explain why.

During the application process Mr H was asked about his financial status including income protection, life assurance and other protection. Based on the information that was captured at the point of sale:

- Mr H didn't disclose any existing protection policies that he had.
- He disclosed savings of around £4000.
- His priorities were identified as critical illness protection with life cover should he

suffer a critical illness or die prematurely.

- His budget was £120 to £125 per month.

Therefore, I don't think it was unreasonable based on this information for the advisor to conclude that Mr H had a need for this type of protection, bearing in mind his circumstances as disclosed at the time.

I think it was reasonable for Pennymatters to conclude that the policy was right for Mr H and met the needs that had been identified during the discussion with the advisor. Pennymatters was entitled to rely on the information Mr H provided when making their recommendation.

Mr H has since pointed to several pieces of information which he says were recorded inaccurately and made the policy unsuitable for him. I'll focus on the key pieces of information which I think are most relevant to the outcome of the complaint.

Mr H says he had an existing policy for critical illness with life cover. There's no record that Mr H disclosed this policy, or other protection policies he had, to the advisor. I accept it's possible Mr H disclosed it but, on balance, I'd have expected this information to be captured in the contemporaneous notes if it had been mentioned. And, the advisor sent a detailed note of his recommendation which focused on life and critical illness cover. If Mr H had mentioned an existing policy, it seems unlikely that the advisor would have chosen not to comment on the potential benefits of the recommended policy when compared to the existing one.

Furthermore, Mr H has said that he could afford more than the budget of £120 to £125 and is unclear where that budget information came from. He also said he had savings of £7000 in his bank. I think it's unlikely the advisor would have identified the specific figures captured at the point of sale unless they came from a discussion with Mr H. The figure in relation to the budget was quoted in the detailed summary sent to Mr H after his discussion with the advisor. So, if Mr H didn't think the budget identified was correct, or that his financial situation hadn't been accurately captured, I'm satisfied he had the opportunity to discuss this and correct the information Pennymatters held about how much he wanted to spend on protection policies. And, although Mr H had savings, this policy was designed to offer a lump sum in the event of critical illness or death before retirement. Therefore, although Mr H had savings, I don't think this meant the product was unsuitable for him.

In any event, I note that the existing policy Mr H had was for Critical Illness with Life Cover, which is the same type of policy he took out via Pennymatters. So, based on the evidence that's available to me, it didn't cover him for TPD. The benefit amount was less than the policy Pennymatters recommended, and it was also costing more than the budget Mr H gave to the advisor. Therefore, this information hasn't persuaded me that Pennymatters recommended an unsuitable policy for Mr H. In reaching that conclusion I've considered that the information about the existing policy is dated February 2013 and that Mr H's notes indicate that the premiums and/or benefits had increased by 2014.

Mr H has also said he was unaware the policy wouldn't cover him in circumstances where he was unable to work due to total and permanent disability. He's referenced the nature of his job, which involved taking some physical risks, in support of this.

I've thought about Mr H's representations carefully. When the application form was completed Mr H had to sign a declaration to confirm that he'd provided full information and the information was correct. That included information about the policy details. The policy details listed the benefits. It said:

Waiver – None

TPD Cover – No

Permanent and Total Incapacity – No

I've also looked at the quotation for the policy which makes no reference to TPD or disability cover. And I've considered the policy terms which set out more detail about the cover. I think the terms make it clear what critical illnesses are covered and that TPD cover is optional and at an additional cost. There's also a letter to Mr H which confirms the advisor had identified income protection as something he didn't wish to discuss at the time.

Overall, I'm not persuaded Mr H was treated unfairly by Pennymatters. If Mr H had mentioned TPD, income protection or disability cover to his advisor, and the advisor had removed it incorrectly, I think this information made it clear to Mr H that TPD wasn't covered. And, if this aspect of cover was particularly important to Mr H, I think the information provided after the sale would have alerted him to the lack of cover for TPD and income protection. So, on balance, I'm satisfied Pennymatters acted fairly and reasonably in the circumstances of this case.

Taking all the above into account I'm not persuaded the policy sold to Mr H was unsuitable for his demands and needs, based on the information recorded by the advisor. I'm satisfied Mr H had opportunities to review the plan and what it covered. And I think he had a reasonable opportunity to correct any information about his circumstances and needs which he thought weren't correct. I'm also satisfied that it's most likely Mr H had enough information to decide whether the policy was right for him, particularly as I'm satisfied it was made reasonably clear Mr H's policy didn't include TPD cover.

### **My final decision**

I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 December 2024.

Anna Wilshaw  
**Ombudsman**