

## **The complaint**

Miss M complains that First Complete Ltd trading as PRIMIS Mortgage Network mis-sold her a life and critical illness insurance policy.

Miss M's policy was sold by an appointed representative of PRIMIS. But for ease of reading, I'll refer to PRIMIS.

## **What happened**

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

In spring 2015, Miss M met with PRIMIS' adviser to discuss arranging a mortgage and to discuss insurance to protect the mortgage. Miss M was taking out borrowing of £74,545 with most of the rest of her property purchase being funded by a government scheme. The adviser recommended that Miss M should take out a decreasing term life and critical illness policy, over a term of 27 years. The policy provided cover of £74,545 to match her mortgage.

Miss M said the adviser informed her that the policy would pay off her share of the mortgage in the event of her death and that it would also enable her dependant to remain in the property. Miss M took up the policy in June 2015. However, she later learned that under the terms of the government scheme, her death would result in the property having to be sold and that therefore, her dependant wouldn't be able to stay in the home. So Miss M felt the policy had been mis-sold to her and she complained to PRIMIS.

PRIMIS didn't agree that its adviser had mis-sold the policy to Miss M. And therefore, Miss M asked us to look into her complaint. She considered too that the adviser could have sold her a policy which covered the full purchase price of the property, which would have ensured the government scheme's portion of the property value could also have been paid-off.

Our investigator didn't think Miss M's complaint should be upheld. In brief, he considered that the policy PRIMIS' adviser had recommended matched Miss M's recorded demands and needs. He didn't think any policy would have enabled Miss M's dependant to remain in her property in the event of her death. And he thought any life insurance pay-out could have been beneficial to Miss M's estate, as well as there being cover in place if Miss M was diagnosed with a critical illness. So he thought the policy had been broadly suitable for Miss M. He also considered that even if Miss M could have been sold a higher level of cover, the price of the policy she'd been sold matched her identified budget. And he said she'd have paid more for a higher level of insurance, so he didn't think she'd suffered a financial loss in any event.

Miss M disagreed and therefore, the complaint's been passed to me to decide.

## **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.

Having done so, whilst I'm very sorry to disappoint Miss M, I don't think PRIMIS has treated her unfairly and I'll explain why.

First, I'd like to reassure Miss M that while I've summarised the background to her complaint, I've carefully considered all she's said and sent. In this decision though, I haven't commented on each point that's been raised and nor do our rules require me to. Instead, I've focused on what I think are the key issues.

It's common ground that PRIMIS' adviser recommended that Miss M should take out the life and critical illness insurance policy. This means they needed to carry out an assessment of Miss M's demands and needs and recommend a policy which was suitable for her. They also needed to give Miss M enough clear, fair and not misleading information about the policy so that she could decide whether the policy was right for her.

I've looked very carefully at the paperwork from the time of the sale. Miss M met with the adviser in spring 2015 and I've considered the fact find which the adviser completed in June 2015. The notes show that Miss M was looking to discuss a mortgage and protection needs. The fact find recorded that Miss M had one dependant and that she wanted life and critical illness cover to protect the mortgage. It noted that Miss M's mortgage borrowing was £74,250, over a term of 27 years and that the remainder of the property purchase price would be funded by a deposit from Miss M and the government scheme. The adviser recorded that Miss M's monthly budget was '*£50 towards the protection*'.

The adviser sent Miss M a summary of demands and needs letter dated June 2015. This set out the reasons for the recommendations the adviser had made. The letter stated that Miss M wanted to ensure that her mortgage would be paid off in full in the event of her death, or if she was diagnosed with a critical illness. The policy term was 27 years and the amount of cover was £74,545, which matched the amount of the mortgage plus fees. The policy premiums were £48.99.

In my view, the policy the adviser recommended broadly matched Miss M's identified needs. The term of the policy and the level of cover matched the term of the mortgage and Miss M's total mortgage borrowing. This meant that in the event of Miss M's death during the life of the policy, or if she became ill with a critical illness, her mortgage borrowing would be paid off. The policy was decreasing term, meaning that the policy sum assured would reduce in line with the reduction in the mortgage balance as the mortgage payments were made. And the price of the policy aligned with the monthly budget of £50 Miss M had told the adviser she could afford for the cover. On that basis, I don't think the adviser's recommendations were unsuitable for Miss M's needs. And I think the policy paperwork PRIMIS sent Miss M set out information about the contract in a clear, fair and not misleading way.

Miss M feels strongly that the adviser told her that having the policy ensured that her dependant could remain in the property in the event of her death. None of the paperwork from the time of sale refers to a discussion on this point or that this formed a reason for the adviser's recommendation – although I accept it's possible the adviser did make such a suggestion. Under the terms of the government scheme though, the property would have needed to be sold in the event of Miss M's death.

Even if the adviser did wrongly tell Miss M that her dependant would be able to stay in the property, I don't think this makes their overall recommendation to take out the policy unsuitable. As the investigator explained, no policy on the market is likely to have provided cover which would enable Miss M's dependant to stay in the property if she passed away, given the way the government scheme worked. And the policy would have paid out a lump-

sum life benefit to Miss M's estate which could then be passed on to her beneficiaries. Equally, if Miss M had developed a critical illness, the policy would have paid-off her mortgage borrowing. And therefore, I find the overall recommendation to have been suitable for Miss M's identified demands and needs.

I understand Miss M believes that the adviser should have recommended a policy which would pay-off the full value of her property, rather than simply covering the amount of her mortgage. Taking out a policy which offered a higher sum assured would have cost Miss M more each month – and potentially significantly more than the premium she'd identified as being affordable. And given the potential fluctuation in property prices over the term of the mortgage, it would have been difficult for the adviser to recommend a policy which would match the property's value throughout the 27-year plan term.

In any event, Miss M has paid less for the policy she has than she likely would've paid for a policy which offered a higher level of cover. This means she likely hasn't suffered any financial loss as a result of the adviser's recommendation. And it remains open to Miss M to take out an additional plan to sit alongside her existing policy which covers the full value of her home, or to cancel this policy and to take out a new one which offers the cover she wants.

Overall, based on the available evidence, I don't think PRIMIS acted unfairly or that its adviser made an unsuitable recommendation. So it follows that I don't think it mis-sold this policy to Miss M and I'm not telling it to do anything more.

### **My final decision**

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 12 February 2025.

Lisa Barham  
**Ombudsman**