

The complaint

Miss N complains that Legal and General Assurance Society Limited (L&G) didn't make her aware that her life assurance policy was arranged through a third party company who has now gone out of business. This made her concerned about her policy and she has lost trust with L&G.

What happened

On 4 March 2020 Miss N set up a new life insurance policy with L&G. The policy covered Miss N for £90,000 over a term of 25 years and would pay out in the event of her death or terminal illness during the policy term. The policy was arranged via an independent financial adviser (IFA).

In 2024 L&G sent Miss N a letter confirming the IFA who had arranged her policy had ceased trading and gave her the opportunity to contact them if she wanted to discuss her policy or seek financial advice.

Miss N contacted L&G, unhappy with the content of the letter, explaining that she never knew she arranged the policy with an IFA, and thought it was directly with L&G. Miss N didn't want to continue with the policy and cancelled the cover in August 2024. She also wanted a refund of her premiums paid and would look to seek alternative cover elsewhere.

L&G looked into Miss N's concerns but didn't think they had done anything wrong. They explained that even though the policy was arranged via an IFA, the policy was with them, they had been receiving her monthly premiums and would pay out in the event of a claim, subject to its terms and conditions. In any case, L&G made a gesture of goodwill and agreed to pay Miss N £25.

One of our investigators looked into the complaint but didn't uphold it. She said the policy was arranged via an IFA so L&G weren't the responsible business to answer any concerns she had about the sale of the policy. And as the IFA has ceased trading then a complaint would be better directed to the Financial Services Compensation Scheme (FSCS) to see if Miss N would be eligible to make a claim against the firm.

The investigator also confirmed that the policy had been administered correctly by L&G so there wasn't any reason for them to refund the premiums Miss N had paid. Miss N disagreed and requested an ombudsman's decision. As the matter couldn't be resolved, the complaint has come to me to consider everything afresh and issue a final 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.

Having done so, I agree with the conclusions reached by our investigator for broadly the same reasons.

Miss N said she was unaware the policy was arranged through an IFA, rather than directly with L&G. However, the evidence suggests that L&G received this application through their online portal – and had been completed by the IFA.

Miss N has provided a copy of the policy booklet she received following the sale. Within the document it confirms the commission payable to the firm who arranged the policy on their behalf. Therefore I'm satisfied that this policy wasn't arranged directly by L&G – and they had made this clear to Miss N. The investigator has provided details of the FSCS if Miss N wishes to contact them directly if she wants to discuss a complaint about the IFA who is no longer trading.

I appreciate the 2024 letter from L&G confirming the IFA had ceased trading may have come as a shock to her. However, I believe this was a reasonable action for L&G to take. This letter would allow Miss N to reevaluate her circumstances and make sure the policy was right for her needs – or discuss with L&G if she had any questions.

Turning to the policy itself. Miss N's policy was a level term policy, meaning it would have paid out the same amount in the event of a successful claim – so long as the premiums of £21.87 continued to be paid. The welcome pack Miss N received in March 2020 also makes clear if she changed her mind about the cover. It says:

"If you decide that you don't want cover, you have 30 days from receipt of this letter to change your mind and we will refund any monies paid. You can still cancel your policy after 30 days, however, no money will be refunded."

In Miss N's case the policy was cancelled in August 2024 so after the initial 30 days. L&G have provided cover to Miss N throughout this period so I'm satisfied L&G don't need to refund the premiums Miss N paid towards the policy.

I recognise this isn't the outcome Miss N wanted but I'm satisfied that the policy wasn't arranged by L&G so it's not their responsibility to answer any concerns Miss N had about the sale of the policy. I'm also satisfied the policy was administered correctly during the time Miss N held her policy.

I'm aware L&G has already made an offer to pay £25 to settle the complaint. Miss N should contact L&G directly if she now wishes to accept this.

My final decision

I don't think L&G needs to do anything to settle the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 11 July 2025.

Andy Hurle
Ombudsman