

The complaint

Mr A complains that Remulate Protect Ltd mis-sold him a life insurance policy which included serious illness cover.

What happened

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

In August 2013, Remulate's adviser recommended that Mr A should take out a life insurance policy, which included serious illness cover. Serious illness cover included protection for Total and Permanent Disability (TPD). The policy was underwritten by an insurer I'll call P and was due to run for a term of 37 years.

Unfortunately, in September 2022, Mr A needed to make a TPD claim on the policy. But P turned down his claim. That's because it said that in order for a TPD claim to be paid, Mr A needed to show he'd suffered a permanent failure of functional activity, by being unable to carry out specified functional activity tasks (FATs). P didn't think Mr A's claim met the TPD definition.

Mr A felt Remulate had mis-sold the policy to him. In brief, he said he thought his cover for TPD was taken out on an 'own occupation' basis. And he said that Remulate's adviser had recorded his occupation incorrectly at the point of sale. He told us he'd called Remulate once he'd received the policy paperwork to let the adviser know about their mistake. He considered this had affected the outcome of his claim.

Our investigator didn't think Mr A's complaint should be upheld. He considered that taking into account Mr A's recorded demands and needs, the policy appeared suitable for him. He thought the paperwork made it clear that TPD cover would be based on Mr A suffering a permanent failure of functional activity. And he was satisfied that even if Remulate's adviser had recorded the wrong job title, this hadn't affected Mr A's claim. That's because even if P had known Mr A's correct occupation, he'd still have needed to show a permanent failure of functional activity before a claim could be paid.

Mr A disagreed and I've summarised his responses. He said he'd told Remulate he wanted own occupation cover and that he'd called it twice to confirm his actual job role. And he said he'd wanted protection if he'd become sick and unable to work, which hadn't paid out.

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 Mr A, I don't think Remulate mis-sold this policy and I'll explain why.

First, I'd like to reassure Mr A that while I've summarised the background to this complaint and his submissions to us, I've carefully considered all he's said and sent. I was sorry to hear about Mr A's injury and the impact this has had on him. I don't doubt what a worrying and upsetting time this was for him. 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 also important I make clear that this decision will only consider whether or not I think Remulate mis-sold this policy to Mr A. Another ombudsman has already issued a decision about the decline of Mr A's TPD claim and therefore, I won't be commenting on any of P's actions.

Both parties agree that Remulate's adviser recommended that Mr A should take out the policy. This means that the adviser needed to carry out an assessment of Mr A's demands and needs and recommend a policy which was suitable for Mr A. Remulate also needed to provide Mr A with enough clear, fair and not misleading information about the policy to allow him to decide whether it was right for him.

I've firstly looked carefully at the 'fact-find' carried out by the adviser on 23 August 2013. It seems that Mr A had taken out an earlier policy with P through a different broker, but that he felt he'd been given mis-advice and so had cancelled that policy. Remulate's fact-find set out details about Mr A, including his job title. And it stated that Mr A wanted life cover of £50,000 and serious illness cover of £20,000 – to protect his mortgage and to protect him if he was diagnosed with a serious illness. The 'fact-find' also states that the policy premiums were affordable for Mr A. There's no reference to TPD cover within the fact-find document – either that this was a particular need for Mr A or that he specifically needed 'own occupation' TPD cover.

Next, I've looked at the 'reasons-why' letter the adviser sent to Mr A on 28 August 2013. This broadly echoed the information set out in the fact-find. It also explained a bit more about serious illness cover – and in particular, about the 'core conditions' it included. There's no specific reference to TPD cover or that this was something Mr A had suggested was important to him.

The policy Mr A took out did provide £50,000 of life cover and £20,000 of serious illness cover. And it seems to have been affordable for him. On that basis, it does appear that the adviser sold Mr A a policy which met his identified and recorded needs.

It's clear how strongly Mr A feels he wanted a policy which provided 'own occupation' TPD cover and that Remulate's adviser made a mistake when they filled out information about Mr A's job. I've considered this carefully. Mr A says he called Remulate to highlight its job error – but Remulate has provided evidence to show that, unfortunately, these calls couldn't be retrieved. I know Mr A has concerns about this but given the time that's passed since the time of sale, I wouldn't necessarily have expected these calls to be available even if they had been recorded in 2013.

Where there's a dispute about what's happened, I need to make a decision based on the balance of probabilities – what I think is most likely to have happened, given the available evidence and the circumstances. In this case, neither the fact-find nor the reasons-why letter indicate that taking out any form of TPD cover was important to Mr A nor that it was a specific reason for him taking out a policy which included serious illness cover. And I can see that the policy schedule Mr A was sent clearly sets out 'special conditions' for TPD cover which include the requirement for Mr A to have suffered a permanent failure of functional activity in order for him to meet the TPD definition. On balance then, I don't think it's most likely that Mr A did specifically tell the adviser that own occupation TPD cover was of real

importance to him or that the adviser therefore mis-sold this policy.

I've also considered whether any potential failure of Remulate to correctly record Mr A's job title cause him to lose out. But P told Remulate that even if it had been given details of Mr A's actual job role at the time of sale, it still would have required Mr A to suffer a permanent loss of functional activity before a TPD claim could be paid. So it appears Mr A's claim still would have been turned down even if Remulate had accurately written down details about his actual job role.

Overall, I sympathise with Mr A's position and I'm sorry to cause him more disappointment and upset. But I don't think that Remulate's recommendation was unsuitable for him, or that it failed to meet his identified needs. And I think it sent Mr A clear information about the policy and how it worked. So this means I don't think Remulate has done anything wrong which it needs to put right.

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 Mr A to accept or reject my decision before 7 January 2025.

Lisa Barham
Ombudsman