DRN-5221667

The complaint

Mr and Mrs P complain that True Potential Wealth Management LLP mis-sold them a life and serious illness insurance policy.

What happened

The history of this complaint is well known to both parties, so I won't repeat all the details here. In summary, Mr and Mrs P took out cover in March 2023, through True Potential. Mr and Mrs P subsequently complained, raising a number of concerns about the sale and True Potential's conduct and customer service.

True Potential acknowledged some errors and offered £300 compensation in recognition of the distress and inconvenience caused. Mr and Mrs P were unhappy with True Potential's response, so came to the Financial Ombudsman Service. Our investigator upheld their complaint in part, saying True Potential should pay Mr and Mrs P £500 compensation. Mr and Mrs P asked for an ombudsman to consider everything and issue a final decision.

I'm aware Mr and Mrs P have raised some concerns about the provider of their policy. For the avoidance of doubt, concerns about the actions of the insurer are not within the scope of my decision, which relates only to matters for which True Potential is responsible.

To clarify, this complaint relates solely to Mr and Mrs P's mortgage protection cover. Complaints about individual life cover are the subject of a separate 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'm upholding this complaint in part. However, I recognise my decision will likely still disappoint Mr and Mrs P and I'm sorry about that, particularly as I'm aware Mr and Mrs P feel very let down by True Potential.

Whilst I've only summarised the background to this complaint, I've carefully considered all that's been said and sent to us. Within my decision though, I haven't commented on each point that's been raised. Our rules allow me to take this approach. Instead, I've focused on what I think are the main issues central to the outcome of this complaint.

This was an advised sale, so True Potential had to take reasonable care to ensure that any policy proposed was suitable for Mr and Mrs P's demands and needs.

Mr and Mrs P wanted cover to protect their repayment mortgage in the event of death or serious illness. Cover for both of them was to replace some existing provision. True Potential recommended a joint decreasing term policy, with an initial sum assured based on the outstanding mortgage balance. The term of the policy matched the outstanding term of the loan. From what I’ve seen, True Potential searched the market to find suitable policies for Mr and Mrs P. I think the recommendation offered competitive cover that was suitable for Mr and Mrs P’s needs.

I’m aware Mr and Mrs P have raised concerns about the joint policy only paying out once - and not in respect of both lives assured. By way of information, this is the usual basis for joint life cover and standard provision across the industry. The mortgage only needs repaying once, so I still think the recommendation was suitable. I’m also aware that Mr and Mrs P took out separate life cover to provide for lifestyle needs and expenses for a remaining spouse and their two young children.

That said, there’s a dispute about whether Mr and Mrs P were given sufficient explanation about how the policy worked and its important features. True Potential says the suitability letter and key features document was provided as part of the sale. Mr and Mrs P say they never received this information.

The suitability letter I’ve seen is addressed to Mr and Mrs P at their home address. But it’s dated after the policy commenced and True Potential hasn’t been able to provide evidence to demonstrate it was sent. True Potential also said the information would’ve been uploaded to its client portal. But I’ve not seen how Mr and Mrs P were told about accessing the portal and they say they weren’t aware of it.

So on balance, I don’t think Mr and Mrs P would’ve had the opportunity to review the documents prior to taking out cover. So I have to think about whether this oversight by True Potential would’ve made a difference. And overall, I don’t think it would. I say this because I’ve already found that the recommendation was suitable for their needs, so I think that had Mr and Mrs P had full information, they’d likely have gone ahead with the sale. In this respect, I don’t think Mr and Mrs P were disadvantaged. I do, however, think that the lack of information caused Mr and Mrs P some confusion and inconvenience as they tried, after the event, to understand what they’d bought.

Mr and Mrs P have also expressed concern that the premiums on their policy have the potential to increase. But I can see that True Potential emailed Mr and Mrs P in February 2023 with quotations which set out how the premiums could vary over the policy, with the opportunity to reduce them through an active and healthy lifestyle. So I think this information was clearly available to Mr and Mrs P.

I understand a letter from the insurer caused Mr and Mrs P to review the health information shared as part of the application process. When they checked, Mr and Mrs P found instances where information they say they shared with True Potential hadn’t been disclosed. They contacted True Potential for advice about what to do. I understand that following this, Mr and Mrs P were still concerned, so contacted their insurer directly. This led to the insurer reviewing the policy to see if the additional disclosure would make a difference, but fortunately it did not.

True Potential dispute that there were errors in the disclosure. With no other documentary evidence to consider, I’ve placed weight on Mr and Mrs P’s testimony and actions. Having looked at the sort of information that was and was not on the application to the insurer, overall I think it more likely that Mr and Mrs P did mention the issues in the meeting with True Potential. I say this partly because of the close relationship between the disclosures and some of the non-disclosures, and because of Mr and Mrs P’s action in trying to remedy the situation, after they’d received their policy documents from the insurer. Whilst this information didn’t make a difference to the policy, I think Mr and Mrs P were troubled and inconvenienced whilst making sure they had reliable cover in place and weren’t going to encounter problems in the event of a claim.

However, the policy was re-underwritten when it came to light that Mr P's BMI was higher than had previously been disclosed. I can see that Mrs P confirmed her husband's BMI in an email to True Potential in February 2023. This was not accurately passed on to the insurer. But in fact, True Potential had overstated the position. And in any event, Mr P's actual BMI was higher than that recorded in both Mrs P's email and the application form. So I don't think True Potential was responsible for the policy needing to be reworked, which resulted in a temporary gap between the outstanding mortgage and sum assured.

I understand an increase was also applied to Mrs P's part of the premium, which, when the matter was not speedily resolved, the advisor made an offer to cover from a personal discount. I'm not going to comment any further on that, as I've not found that True Potential's inaccurate reporting of Mr P's BMI was the root cause of the policy being reworked.

Mr P was diagnosed with a heart condition a few months after the policy started. Mr and Mrs P sought help from True Potential about the impact on their cover. There's a difference of opinion about what was said. True Potential have said the advisor was in contact with the insurer about the diagnosis and I've seen evidence from the insurer confirming, in September 2023, that the diagnosis would not affect existing policies. I've also seen earlier emails between True Potential and Mrs P where the advisor answers a question from Mrs P about impact on existing policies, saying it shouldn't have any effect as the diagnosis was post start. I'm aware there were a number of policy issues being dealt with at the time and that Mrs P was concerned about their cover. I've not seen whether Mr and Mrs P received confirmation of the insurer's stance on their existing cover, although I've noted the advisor had previously reassured them they were financially secure.

Finally, Mr and Mrs P raised some other administrative issues and inaccuracies which added to their concern about the quality of care and advice they'd received. When confidence is damaged, such issues can add to customer concerns and I think that's been the case here.

Putting things right

True Potential has offered £300 compensation in recognition of the distress and inconvenience caused. Our investigator thought £500 more fairly reflected the impact of True Potential's failings. I've identified above areas where I think True Potential's actions impacted negatively on Mr and Mrs P and caused distress and inconvenience. Mr and Mrs P had to go to a lot of extra effort as a consequence of the errors and found the experience stressful and inconvenient. Overall, I agree that £500 compensation reasonably reflects the upset caused.

To put things right, True Potential must pay Mr and Mrs P £500 compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint in part and direct True Potential Wealth Management LLP to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 6 March 2025.

Jo Chilvers
Ombudsman