

The complaint

A company, which I'll refer to as M, complains that True Potential Wealth Management LLP mis-sold life insurance. Mr P, who is a director of M, brings the complaint on M's behalf, with Mrs P, who is listed as company secretary.

What happened

The history of this complaint is well known to both parties, so I won't repeat all the details here. In summary, in February 2023, Mr and Mrs P sought advice from True Potential regarding their protection needs. Three life insurance policies were subsequently taken out, in the name of M. I understand this was for tax efficiency reasons. Two policies assuring the life of Mr P and one policy assuring the life of Mrs P were bought from two different insurers.

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. The compensation also reflected errors made in connection with a joint mortgage protection policy, which is the subject of a separate complaint and decision.

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. As the complaint is brought by a limited company, she explained she was unable to award compensation for distress, but could consider compensation for inconvenience. She thought True Potential should pay Mr and Mrs P £100 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 policies. For the avoidance of doubt, the scope of my decision relates only to matters for which True Potential is responsible.

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 met with True Potential to review their protection arrangements. They wanted cover to protect each other and their two young children, beyond paying off their mortgage. As the purpose of cover was to provide for lifestyle needs and expenses, a recommendation for level term assurance, providing fixed sums assured throughout the terms of the policies, was reasonable. Equally, as the need for cover would likely remain over time and both first and second deaths could have considerable implications for surviving family, a recommendation for separate cover doesn't seem unreasonable.

Mr and Mrs P say they weren't clear why particular sums assured were recommended. True Potential says the suitability letter and key features document was provided as part of the sale. Mr and Mrs P dispute this and True Potential hasn't been able to provide evidence to show when and how the information was provided.

However, True Potential has provided copies of email correspondence with Mr and Mrs P. In February 2023, True Potential emailed Mr and Mrs P a copy of the quotation for relevant life plans. The email referred to increasing their personal protection to £800,000 each including existing plans and specified that once the mortgage had been repaid this covered their lifestyle. On the face of it, this doesn't strike me as unreasonable, given Mr and Mrs P's ages and the ages of their children.

It's not clear to me exactly what information True Potential had about Mr and Mrs P's existing arrangements, but Mr and Mrs P took the opportunity to question the sums before the policies were accepted, with True Potential telling Mr and Mrs P they could reduce cover if they wanted to. Further discussion took place a little later when Mr P found out his existing cover was more than he thought. True Potential reiterated the recommendation for £800,000 overall, again leaving the choice to Mr P. So overall I think Mr and Mrs P had opportunities to make changes to the level of cover if they wanted to.

Between them, Mr and Mrs P took out three policies. Mrs P's policy provided a sum assured of £370,000. Mr P took out two policies. Initially, his cover was for £200,000, revised from an initial application for £500,000. A further policy for another £200,000 was applied for a short time later. Again, the reasoning for this isn't clear to me, although I note the overall protection was within True Potential's recommendation and Mr P would've made an active choice to take out further cover.

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 insurers directly. This led to the insurers reviewing the policies to see if the additional disclosure would make a difference.

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 applications, 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 policies, I think Mr and Mrs P were troubled whilst making sure they had reliable cover in place and weren't going to encounter problems in the event of a claim. I'm

aware that Mrs P had to spend time liaising with the insurers, providing further information and contacting True Potential whilst the additional screening was taking place. This was time that could otherwise have been spent on company duties.

However, one of Mr P's policies 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 the sum assured being reduced. The insurer's decision to reduce the sum assured isn't something for me to comment on further.

Mr P was diagnosed with a heart condition a few months after the policies 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 made an offer of £300 compensation in recognition of the overall distress and inconvenience caused throughout its relationship with Mr and Mrs P. I've addressed distress and inconvenience to Mr and Mrs P personally in a separate decision. Here, I'm only looking at inconvenience caused to Mr P's business as a result of True Potential's errors.

Our investigator thought £100 reasonably reflected the additional administrative time Mrs P, as company secretary, spent dealing with insurers to ensure the policies accurately reflected Mr and Mrs P's circumstances. Mr and Mrs P understandably wanted to make sure there would be no issues in the event of needing to claim. Overall, I agree that £100 compensation reasonably acknowledges the inconvenience caused to Mr P's business as a consequence of Mrs P's time being diverted to deal with policy issues, following True Potential's mistakes.

To put things right, True Potential must pay Mr P's company – M – £100 compensation for 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 M to accept or

reject my decision before 6 March 2025.

Jo Chilvers
Ombudsman