

## **The complaint**

Miss D and Mr E complain that Acumen Financial Advisers Ltd didn't set up life insurance policies.

## **What happened**

Miss D and Mr E took out a mortgage in 2020. They also received advice about life insurance policies from Acumen and agreed to take out cover costing them approximately £15 per month.

In 2023 Miss D and Mr E discovered the policies hadn't been set up. Acumen looked into what happened and accepted that the policies were not set up due to an administrative error. Acumen sought to obtain cover for Mr E and Miss D. They were able to set up a policy for Mr E with the original insurer. However, Miss D had experienced a change in health which meant that she could not get cover with that insurer. Acumen were able to source cover with another provider on their panel. The total cost of the policies is approximately £52 per month for a comparable level of cover.

Miss D and Mr E were in correspondence with Acumen over a period of time about this issue and made a complaint. In their final response to the complaint Acumen offered £250 compensation. Miss D and Mr E didn't accept this and referred their complaint to the Financial Ombudsman Service.

Our investigator looked into what happened and partly upheld the complaint. He recommended that the compensation should be increased to £400 but didn't think that Acumen needed to do anything further to put things right.

Acumen accepted the investigator's recommendation, but Miss D and Mr E asked an ombudsman to review their complaint. In summary they've said that, as a result of this error, their life insurance will now cost them approximately £15 000 more than it would have done had the policy been set up correctly. They feel that Acumen should cover the cost of this.

In January 2024 I issued a provisional decision explaining that I was intending to uphold Miss D and Mr E's complaint. I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The key issue in this complaint is whether the policy was administered correctly.

### **Was Acumen responsible for the policies not being incepted?**

Acumen accepted our investigator's findings and that there had been an administrative error.

However, there has been reference during the course of the complaint as to whether Miss D and Mr E ought to have been aware that the policy hadn't been set up correctly due to the direct debit not being taken and the lack of documentation.

On balance, I'm persuaded that Miss D and Mr E, reasonably understood that the policies had been correctly inceptioned. In an email dated 2020, Acumen's case handler wrote:

[redacted] will be in touch in the next week or so to confirm the date and amount of your first mortgage payment and your insurances have now been started and the direct debit will be taken monthly.

Miss D and Mr E were first time buyers and said they understood the payments were taken as one. I think they reasonably relied on the above email which indicates the policies had been set up. Miss D says this information was also given to her over the phone. Acumen doesn't record their phone calls but Miss D's testimony is consistent with the above email. Although Miss D and Mr E weren't sent paperwork I think they reasonably relied on the information in the email as confirmation the policies were set up. In fact, it was Miss D and Mr E who first queried the absence of paperwork which brought the error to light.

### **What would have happened if the policies had been inceptioned correctly?**

Had the administrative error not occurred Miss D and Mr E would have been reminded to provide information. On balance, I think it's most likely they'd have provided that information and proceeded with the life insurance policies as planned. They were clearly engaged in the process of obtaining cover at the relevant time. Furthermore, when they realised they didn't have cover they've sought to rectify this. Therefore, on the balance of probabilities, I think it's most likely the policies would have commenced as planned.

Acumen has confirmed that if Miss D had subsequently been diagnosed with a medical condition this wouldn't have impacted her premiums as her cover was already in force. So, but for the error, Miss D and Mr E would have had the benefit of life insurance cover at a cost of around £15 per month.

### **Have Miss D and Mr E lost out financially as a result of what went wrong?**

I'm persuaded that Miss D and Mr E have lost out financially as a result of Acumen's error. Miss D has been diagnosed with a medical condition since the relevant date in 2020. This means the original insurer wouldn't offer cover and Acumen have been able to source separate cover with an alternative provider but at a much higher cost.

I think it's fair and reasonable for Acumen to cover this financial loss. I think it's as a direct result of their error, which led to the policies not being set up. Miss D and Mr E would have paid £15 per month for their cover, but now they need to pay around £52 per month. As a result they've opted not to cover Miss D as this is significantly more than they wanted to pay. Therefore, I'm satisfied it is fair and reasonable for Acumen to cover the difference in their premiums for the remaining term of the mortgage. As of March 2024 the remaining term was 32 years. This will enable Miss D to obtain the cover she ought reasonably to have expected when she first took out her mortgage.

Miss D and Mr E will need to confirm in response to the provisional decision that they wish to continue with setting up the new policy for Miss D. I've considered that it's possible Miss D and Mr E will cancel the policy at a later date. However, on balance, I think that's unlikely as they have been keen to establish cover for Miss D. And, in my view, the risk of that scenario occurring doesn't outweigh the financial loss Miss D will incur in taking out another policy. Therefore, on balance, I think this is a fair and

reasonable way to resolve the complaint.

### **Should Miss D and Mr E be compensated for distress and inconvenience?**

I think Acumen should pay £400 compensation to Miss D and Mr E for the distress and inconvenience caused. They discovered they were without the life insurance cover they believed was in place. Furthermore, they've had to reapply for the policies. In Miss D's case this has led to a very involved process, including obtaining information from her GP. They've also had the ongoing worry that Miss D was left without cover because they couldn't afford the increased premiums.

All of this would have been entirely avoidable had the administrative error not occurred. So I think this has had a considerable impact on Miss D and Mr E over a sustained period of time. I think a total of £400 fairly reflects that distress and inconvenience.

### **Putting things right**

Miss D and Mr E will need to confirm in response to the provisional decision that they wish to continue with setting up the new policy for Miss D. Acumen will need to confirm that the new policy they quoted for remains available and at the same cost.

I'm intending to direct Acumen to put things right by:

- Calculating the total premiums Miss D and Mr E will need to pay to their respective insurance providers from the date that Mr E's current policy was inception until the end of the policy term.
- Calculating the total cost of the premiums Miss D and Mr E would have paid had their policy been set up correctly (which I understand was £15.02 per month). As the policy wasn't in force Acumen should calculate this from the date that Mr E's current policy was inception until the end of the policy term.
- Paying Miss D and Mr E the difference between what they would have paid and what Miss D was quoted in 2024 (or the updated price if it's increased). I think this fairly enables Miss D to obtain the level of cover she wanted and without financial detriment to her. I'm not awarding simple interest in the circumstances of this case as Miss D and Mr E haven't been paying the increased premiums for the additional cover for Miss D.
- Paying Miss D and Mr E a total of £400 compensation for the distress and inconvenience caused by discovering they didn't have life insurance cover and the processes involved in re-applying for cover.

Both parties responded to my provisional decision and made further comments. Miss D and Mr E queried how the redress would be paid and whether they would have to take out the policy outside of the broker. She confirmed she was happy to accept the proposed redress if she received the difference between the premiums (£36.98 for the remaining term of the mortgage) from the start date as a lump sum and £400 for the distress and inconvenience caused. She said she didn't want to have any further business dealings with Acumen.

Acumen provided further information to in response to the provisional decision. They said that case notes from a discussion with Miss D in 2022 indicated that she was aware that that

the protection was not in place. They also highlighted information about Miss D and Mr E's occupation. Furthermore, they argued it was absurd to claim they were naïve about their life insurance protection. Acumen also said that the proposed method of redress was unfair and flawed. They said they had concerns that there could have been a material non-disclosure at the point the policy was inception. And they thought the proposed redress didn't take into account that the premiums that haven't been paid or that the average length of a policy is seven years.

So, the complaint was referred to me to make a decision. I invited Acumen's comments on Miss D and Mr E's thoughts about redress. However, they said it was premature to do so when they'd provided further comments and evidence.

### **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.

I won't respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues which are relevant to the outcome of this complaint. The rules that govern our service allow me to do this as we are an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to fulfil my statutory remit.

I'm upholding Miss D and Mr E's complaint. I say that because:

- I'm not persuaded that Miss D and Mr E's occupation at the time of application means that they had a sophisticated level of knowledge of life insurance products and payment methods. They were first time buyers, and, in any event, Acumen provided them with advice about the policies and so I'm persuaded it would have been fair and reasonable for Acumen to ensure that the policies were correctly inceptioned.
- I haven't found Acumen's representations about the redress to be persuasive. In calculating the redress I've considered that Miss D and Mr E would have always had to pay something for cover. That's why I think it's fair that Acumen deduct the cost of what Miss D and Mr E would have paid (£15.02 per month) from the cost of the new policy Acumen sourced (which was approximately £52 per month).
- I've looked at the further notes which Acumen have provided. They haven't changed my thoughts about the overall outcome of the complaint. In my view the notes support that Miss D believed her life insurance to be included in the mortgage payment and the advisor told her that wasn't possible, and it would be a separate direct debit payment. That's consistent with Miss D's wider testimony. So, I don't think those notes support that Miss D was always aware the policy hadn't been inceptioned.
- Furthermore, Miss D's complaint was made after her further interaction with Acumen. In her initial complaint to Acumen, she said it had come to her attention that she had not had any paperwork from the life insurance company, and she called the mortgage provider to query this. Having done so, she was told there was no life insurance policy linked to the mortgage provider and she was referred back to Acumen. I think that's also broadly consistent with the notes I've already referred to above.

- I've carefully considered the information provided by Acumen in relation to a possible non-disclosure. However, there's very limited information in relation to this issue and Acumen hasn't presented any compelling or persuasive evidence that there was a misrepresentation or that it would have impacted on the premiums. Based on the evidence which is available I don't think this demonstrates, on the balance of probabilities, that there has been a misrepresentation which is relevant to the outcome of this complaint.
- Acumen says that the average period a life insurance product is in force is seven years. They've provided no evidence in support of that assertion or provided any context around how they've arrived at that figure. However, in any event, I need to consider the detriment caused to Miss D and Mr E. I'm satisfied that, on the balance of probabilities, it's fair and reasonable to conclude that the settlement should reflect the mortgage term. The detriment caused to Miss D means that she will now have a lasting issue obtaining cover. Had the policies been incepted as they should have been that detriment would not have occurred. So, I think it's fair that I reflect that ongoing detriment and impact in the redress I'm awarding to Miss D and Mr E.
- I've considered Miss D and Mr E's representations that they don't wish to take out a policy with Acumen and I do understand their sentiments over having an ongoing relationship with them. Miss D and Mr E would prefer to source their own policy which I think is reasonable in the circumstances of this complaint.

### **Putting things right**

Acumen needs to put things right by:

- Calculating the total premiums Miss D and Mr E will now need to pay to their respective insurance providers from the date that Mr E's current policy was incepted until the end of the policy term (which I understand is approximately £52 per month).
- Calculating the total cost of the premiums Miss D and Mr E would have paid had their policy been set up correctly (which I understand was £15.02 per month). As the policy wasn't in force Acumen should calculate this from the date that Mr E's current policy was incepted until the end of the policy term.
- Paying Miss D and Mr E the difference between those two figures. I think this fairly enables Miss D to obtain the level of cover she wanted and without financial detriment to her. I'm not awarding simple interest in the circumstances of this case as Miss D and Mr E haven't been paying the increased premiums for the additional cover for Miss D.
- Paying Miss D and Mr E a total of £400 compensation for the distress and inconvenience caused by discovering they didn't have life insurance cover and the processes involved in re-applying for cover.

### **My final decision**

I'm upholding this complaint about Acumen Financial Advisers Ltd and direct them to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D and Mr E to accept or reject my decision before 7 March 2025.

Anna Wilshaw  
**Ombudsman**