

The complaint

Mr J has complained about advice he was given by Advance Mortgage Funding Ltd trading as PRIMIS Mortgage Network.

What happened

Mr J's was sold the policy about which he complains by a financial firm that is no longer trading. Advance Mortgage Funding Ltd trading as PRIMIS Mortgage Network ("PRIMIS") have taken responsibility for the actions of the former firm so for simplicity I will just refer to PRIMIS.

In September 2017, Mr J was advised to take out a term assurance policy by PRIMIS' adviser. The policy was due to run for 16 years and had various benefits, including cashback and rewards which could impact on the policy price. Mr J says that he'd understood that he was being sold a whole of life policy, so he queried the policy term with PRIMIS' adviser at the first review. He says he was told that the policy would be converted to a whole of life policy once the 16-year term was up.

Subsequently, in 2023, Mr J moved abroad. In February 2024, during a review with a financial planner, Mr J learned that his plan would end once the 16-year term had expired. He also learned that he was no longer entitled to the policy benefits from the insurer, as he was no longer a UK resident. The loss of these benefits resulted in an increase to the policy premium.

Mr J complained to PRIMIS that he'd been mis-sold the policy. He said he'd been led to believe that the term policy would convert to a whole of life policy on expiry. And he also said he'd told the adviser that he planned to relocate abroad and that residency questions had been answered incorrectly.

PRIMIS didn't think Mr J's complaint should be upheld. So Mr J asked us to look into his concerns.

Our investigator recommended that the complaint be upheld in part. She didn't think that Mr J had been made aware of the policy restrictions when taking the policy out. She recommended that PRIMIS pay him £250 in compensation.

Neither party agreed. Mr J said that he was looking for a little more compensation. PRIMIS said that the broker is only obligated to ask the questions in the application, and those questions are set by the insurer. It said that the residency questions had been answered correctly. PRIMIS said that there was nothing in the file which suggested an impending move to another country. And it didn't think Mr J would have been told the policy would convert to a whole of life policy – as no policy would do this. PRIMIS reiterated that Mr J's need was identified to have cover for 16 years and he had a limited budget of £35 per month.

As no agreement has been reached the matter has been passed to me to determine.

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've summarised the background to this complaint and here focus on what I find are the key issues. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. Having done so I agree with the conclusions reached by our investigator. I'll explain why.

- PRIMIS had a duty to act honestly, fairly and professionally in accordance with the best interests of its customer. It needed to take reasonable care to ensure the suitability of its advice for any customer who is entitled to rely on its judgement. I've looked carefully to see if it has done so in the circumstances here.
- Mr J has said that he explained to the adviser at the point of sale that he regularly travelled abroad to the country to which he has now relocated. His evidence is that he told the adviser that he planned to relocate there. There are no call recordings of the sale and PRIMIS say this is not noted on the file or fact find, but I find Mr J's testimony credible in this regard. I accept that the questions on the application form were answered correctly and there is no question on the application form regarding future plans. However I find that it would have been prudent for the adviser to alert Mr J to the possibility that a relocation might be relevant to the policy rewards in the future.
- The insurer has confirmed that cover is still valid abroad, so Mr J is able to continue to benefit from the policy, although I understand that he is unable to earn the rewards that he used to earn. He clearly wanted the life cover and it has been in place since 2017 so I don't agree it would be fair to ask PRIMIS to refund a sum equivalent to the premiums he has paid.
- Mr J has said that he was told that once he relocates abroad, he would be able to use his rewards in the country he was relocating to. Again there is no independent evidence of this but I find his testimony credible. So I accept he was disappointed to find this was not so.
- Although there is no evidence of what was discussed at the sale, I'm not persuaded that the term of the policy wasn't discussed. The term is also clear from the documents that Mr J was sent, which say that the life cover will end on 5 September 2033. Mr J has said that the term was discussed at this first annual review, and he understood from that meeting that the policy would convert to a whole of life policy after 16 years. It does appear that there was a misunderstanding here – as I'm not aware of any policy that would convert to a whole of life policy after a term expires. Given the lack of recorded notes from PRIMIS, I am not able to make a definite finding as to how this misunderstanding came about.
- Nevertheless although I'm persuaded that Mr J had a need for the policy, and the policy provided with within his budget. I'm not persuaded that the policy was unsuitable for Mr J, but I find that he has suffered a loss of expectation regarding his travel and relocation abroad. Accordingly, I find that compensation is merited, but I'm satisfied that £250 is fair and reasonable in all the circumstances.

My final decision

My final decision is that I uphold this complaint in part. I require Advance Mortgage Funding

Ltd trading as PRIMIS Mortgage Network to pay Mr J £250. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 18 April 2025.

Lindsey Woloski
Ombudsman