

The complaint

The estate of Mrs Y complains that an appointed representative of Sesame Limited gave Mrs Y incorrect advice when she wanted to take out a life insurance policy.

Mr Y has brought this complaint on behalf of Mrs Y's estate. And I'll refer to Sesame's appointed representative as 'Sesame' throughout this decision for ease of reading.

What happened

In July 2021, Mrs Y was looking to take out a mortgage to buy a new property. Sesame arranged the mortgage on Mrs Y's behalf. Its adviser also recommended that Mrs Y should take out a decreasing term life assurance policy to protect the mortgage. Mrs Y wanted to go ahead with taking out life cover.

However, in September 2021, Mrs Y underwent surgery, and she was waiting for a follow-up. So, the adviser suggested delaying the application for Mrs Y's life assurance policy, as they said it was unlikely an insurer would offer cover at that point. And in November 2021, Mrs Y let the adviser know she was waiting for a hip biopsy. The adviser maintained that an insurer would decline cover at that point, so to delay application.

In December 2021, Mrs Y got in touch with the adviser because she'd found a policy elsewhere which would cover her without the need to go through a full medical screening. Mrs Y didn't go ahead with taking out alternative cover.

The adviser got back in touch with Mrs Y a few weeks later to check whether she'd proceeded with the alternative insurer. Mrs Y confirmed that she wanted the adviser to arrange life cover on her behalf, but that she was still waiting for a biopsy. And in March 2022, Mrs Y let the adviser know that the biopsy had been cancelled. She said she'd contact the adviser once the appointments had taken place, so the life policy could be set-up.

Sadly, Mrs Y passed away a few weeks later with no life cover in place.

Mr Y complained to Sesame because he felt its adviser had given Mrs Y incorrect advice. In brief, he felt the adviser had tried to dissuade her from taking out the policy. And he also felt that the adviser ought to have told Mrs Y that there were policies available elsewhere on the market which would have provided cover for her situation. He considered it would be fair for Sesame to pay compensation which covered the cost of Mrs Y's mortgage and her funeral costs.

But as Sesame didn't accept that it had done anything wrong, Mr Y asked us to look into this complaint.

Our investigator didn't think this complaint should be upheld. She thought it was likely that if the adviser had applied for life assurance for Mrs Y, it would have been declined, given her medical issues. And she also thought the adviser had made it clear enough that Mrs Y had the option to look for cover elsewhere.

Mr Y disagreed and so 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 the representatives of Mrs Y's estate, I don't think Sesame treated her unfairly and I'll explain why.

First, I'd like to offer my sincere condolences to Mrs Y's family for her sad loss. I don't doubt what an upsetting time this has been for Mrs Y's family.

Sesame's adviser recommended that Mrs Y should take out a decreasing life assurance policy to protect her mortgage. This means they needed to check it was suitable for her identified demands and needs. And they also needed to give Mrs Y enough clear, fair and not misleading information so she could decide if the policy was right for her.

It's clear from Sesame's records of its communications with Mrs Y that she wanted a life assurance policy to protect the mortgage she was taking out. Its notes indicate that she didn't have life cover in place, and she seems to have been happy with the price. So, it seems the recommendation was suitable for her.

The delay in submitting Mrs Y's life assurance application was entirely due to the medical issues she was experiencing over a period of months. In my experience, most, if not all, life insurers will require a potential policyholder to go through a more detailed health questionnaire when a person is applying for the type of policy Mrs Y wanted.

As Sesame's adviser explained, it's very unlikely that a life insurer would offer life cover to a person who was awaiting surgery, who was under follow-up or who was awaiting a biopsy. That's because the life insurer would be unable to accurately weigh up the risk of a claim and consider whether to offer cover at all, whether to charge more for the cover or exclude existing conditions. Instead, as the adviser repeatedly told Mrs Y, on balance, it's most likely that a life insurer would have either declined Mrs Y's application or postponed it until all her treatment and follow-ups were complete. So, I don't think the adviser gave Mrs Y misleading or incorrect advice. And I think that even if the adviser had submitted Mrs Y's application between September 2021 and March 2022, it's very likely that the insurer would have either postponed a decision or refused to offer her life cover.

I can also see from Sesame's notes that the adviser was in regular contact with Mrs Y to find out how she was and to see if the life cover application could be moved along. Therefore, I think the adviser took proactive steps to keep in touch with Mrs Y and check whether the application could be progressed, as I'd reasonably expect them to do.

It's clear Mr Y feels that Sesame's adviser didn't make it clear enough to Mrs Y that she could look elsewhere for cover. Based on Sesame's notes though, Mrs Y had looked into taking out at least one alternative policy with another provider, even though she decided against doing so. And it seems she would have been accepted for cover by the other provider. So, I think she was aware that she wasn't bound to take out a policy with Sesame and that there were other life assurance options available.

I can also see that the adviser highlighted the difference between the type of cover they'd recommended, and the type of cover Mrs Y seems to have found and why health screening wasn't necessary for the alternative policy. And the adviser highlighted the importance of ensuring that Mrs Y took out enough cover to pay off her mortgage. I find this to be clear and

appropriate information and advice.

And I think it was open to Mrs Y to apply to other life insurers if she'd wished to do so. It's possible Mrs Y could have found another insurer who was prepared to offer her a policy, at a higher price – even if I don't think this was likely. But I don't think I could fairly find that Sesame is responsible for the fact Mrs Y didn't have life assurance in place at the same she sadly passed away. So, I don't think I could reasonably conclude that it led to her estate suffering any potential financial loss.

Overall, I don't think there's evidence which shows that Sesame's adviser provided Mrs Y with incorrect advice or that they made unsuitable recommendations. Instead, I think the evidence shows that the adviser gave Mrs Y enough information about the way life cover worked to allow her to make an informed decision as to whether to potentially seek cover from another provider.

This means then that while I'm very sorry to cause the representatives of Mrs Y's estate further upset and disappointment, I'm not telling Sesame to do anything more or pay any compensation.

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 the estate of Mrs Y to accept or reject my decision before 8 August 2025.

Lisa Barham
Ombudsman