

The complaint

Mr K says he was mis-sold a life and critical illness insurance policy in 2021 by St. James's Place Wealth Management Plc ('SJP').

What happened

In 2021 Mr K took out a life and critical illness insurance policy. He was advised to take out the policy by SJP. He said he was mis-sold the policy and it duplicated the cover he had from his employee benefits.

SJP didn't agree the policy was mis-sold. They said their advice was based on the information Mr K provided during the fact find and no protection policies were disclosed.

Our investigator looked into the complaint and didn't uphold it. She thought SJP had acted fairly based on the information Mr K had disclosed. Mr K asked an ombudsman to review his complaint. He highlighted that he wasn't self-employed, which is what was recorded on the fact find, and said that the recommendation wasn't suitable due to his circumstances at the time. So, the complaint was referred to me to make a decision.

In January 2025 I issued a provisional decision which said:

I'm intending to uphold this complaint because I'm not persuaded, on balance, that the policy was suitable for Mr K's demands and needs at the time he was sold the policy:

- At the time of sale Mr K was single, had no dependents and lived in rented accommodation. He had a very small amount of debt which was being repaid monthly. According to the fact find Mr K had a contingency fund equivalent to around three months of his salary. And, his disposable income was just under £1000 per month. I appreciate that Mr K disputes that those figures were accurate. However, I don't think I need to make a determination on that point because it's not central to the outcome of the complaint.
- I've seen evidence that Mr K was employed at the relevant time. The fact find, and a letter to Mr K, says that he was self-employed. But the information contained within the fact find is, in my view, contradictory. There are references to Mr K's employment in other areas of the fact find, including reference to his group pension scheme, his income being solely from employment (as opposed to self-employment) and Mr K being unsure of his employee benefits. I don't think there is a persuasive reason for these discrepancies.
- I think the information captured in the fact find ought to have prompted a more detailed review of Mr K's circumstances, including any employee benefits he had. Under the section of 'existing protection', it says 'client has protection through his current employer – doesn't know the exact

details but we have agreed to review this in the near future'. Yet, in a letter a few months later, the advisor again refers to Mr K being self-employed and there's no detailed record of what was discussed in relation to Mr K's employee benefits. Given the other information Mr K has provided, including information such as his employment contract and tax information, it seems unlikely to me he'd have considered himself to be self-employed or described it in that way to the advisor.

- I'm not persuaded SJP did enough to ensure that they were recommending a policy which was suitable for Mr K's demands and needs. I bear in mind Mr K's personal circumstances at the time didn't indicate an obvious need for cover (for example to cover a mortgage or to ensure financial security for dependents). Furthermore, given that the policy they recommended amounted to around 10% of Mr K's disposable income, I think it would have been reasonable to explore this in more detail. It also would have been unlikely that Mr K would have had access to the group pension and other employee benefits if he wasn't employed. So, in the specific circumstances of this case, I'm not persuaded SJP did enough to establish what cover Mr K already had in place before recommending a policy to him.
- If SJP had explored Mr K's employment status and benefits in more detail, I think they would have ascertained that he had existing cover via his employee benefits which most likely met his needs at the relevant time. That included life cover at four times his salary, critical illness cover and income protection at 75% of his salary. Given that the policy was recommended to cover Mr K's expenditure, such as rent, it seems unlikely to me that he had a need for this policy in addition to his employee benefits. And, as I've outlined above, given that the policy premiums (following underwriting) were finalised at nearly 15% of his disposable income I think it's unlikely Mr K would have gone ahead with taking out the policy. That's because he had cover from his employer in the event of sickness, critical illness or death.

Putting things right

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

- Cancelling the policy and refunding the value of the policy premiums to Mr K from the point of inception to the point of cancellation.
- Paying Mr K 8% simple interest on the premiums from the date each payment was taken until the date of settlement.
- If SJP considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr K accepted my provisional decision and confirmed that he'd cancelled the policy. SJP responded to say that they queried the level of cover Mr K had from his employer and asked for evidence in support of this.

Further information was provided to SJP and they made further representations. In summary they said the advisor provided Mr K with advice based on the material facts as disclosed by

Mr K. They also said Mr K was made aware of his cancellation rights, highlighted Mr K's professional standing and said he'd had ample time to ensure the policy was right for him. They thought that Mr K could have corrected the position at an earlier point if he had alternative cover via his employer. So, I now need to make a 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 still upholding Mr K's complaint for the reasons set out in my provisional decision and below. SJP's further representations haven't changed my thoughts about the overall outcome of this complaint. I say that because:

- SJP gave Mr K advice about the cover he was taking out. I don't think Mr K's professional standing is central to the outcome of this complaint. Ultimately, it was for SJP, as the professional experts, to ensure that the cover was suitable for his demands and needs.
- As I explained in my provisional decision, I think the sales documentation was contradictory in places. I also think it indicates that there was, most likely, opportunities to explore Mr K's personal circumstances in more detail before the policy was finalised. That included his need for cover and alternative cover that might be available to him via his employer.
- SJP has argued that the advisor was told by Mr K that he didn't have critical illness cover through his workplace, only life cover. So, the advisor relied on the material facts as presented by Mr K. I'm not persuaded by SJP's representations on this point. The 'Confidential Financial Review' document completed at the time isn't consistent with this. For example, the 'existing protection' section doesn't record this information in detail. And, as I've already explained, I think there were opportunities to clarify the employee benefits available to Mr K before finalising the recommendation.
- Even if Mr K didn't have exactly the same level of cover with his employer I'm satisfied, on balance, that he had access to the core benefits of life and critical illness cover through his employee benefits. For the reasons I explained in my provisional decision I'm not persuaded SJP took reasonable steps, when giving Mr K advice, to understand his existing cover and access to other benefits. And, I remain persuaded they had the opportunity to explore this in more detail during the application process.
- I've considered that Mr K was advised of his cancellation rights, but I don't think that's central to the outcome of this complaint. I don't think this means he knew, or ought reasonably to have known that there was a potential issue with the cover SJP had recommended. I think it's most likely Mr K placed more weight on the recommendation of the advisor, based on the circumstances he'd disclosed. In reaching that conclusion I bear in mind that Mr K had mentioned that he might have cover via his employer. However, this wasn't explored in more detail before the policy details were finalised.

Putting things right

I'm directing SJP to put things right by:

- Refunding the value of the policy premiums to Mr K from the point of inception to the point of cancellation.

- Paying Mr K 8% simple interest on the premiums from the date each payment was taken until the date of settlement.
- If SJP considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I'm upholding Mr K's complaint and direct St. James's Place Wealth Management Plc to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 May 2025.

Anna Wilshaw
Ombudsman