

## **The complaint**

Mr and Mrs R complain that an appointed representative of Personal Touch Financial Services Limited mis-sold a life assurance policy to them in 2008.

## **What happened**

In 2008 Mr and Mrs R met with the adviser, who arranged their mortgage, and sold a decreasing term assurance policy including both life and critical illness cover to protect it. The adviser also sold them a level term assurance policy for family protection, provided by Legal & General, with a term of 40 years, premiums of £19.03 per month and a sum assured of £71,532. In 2024 Mr and Mrs R received information from Legal & General about the level term assurance policy, which prompted them to complain about it, because they remember being told it would cover them for the whole of their lives, not just for 40 years.

Personal Touch didn't uphold the complaint, setting out that the documents from 2008 make it clear that the policy term would be for 40 years. Mr and Mrs R remained unhappy and brought the complaint to our service, explaining that they both had strong recollections of being told verbally it would be in place for life. They asked for a refund of the premiums paid, or a change to the cover, plus compensation for being misled by the adviser.

An investigator at our service considered the complaint and found that Personal Touch hadn't done anything wrong. Mr and Mrs R disagreed, explaining that they felt their recollections weren't being properly taken into account. As the investigator wasn't persuaded to change her opinion, the complaint has been passed to me for a final 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.

When looking at whether Personal Touch gave suitable advice to Mr and Mrs R, I've considered what they knew about Mr and Mrs R's objectives and circumstances. Any information given to Mr and Mrs R by Personal Touch needed to be fair, clear and not misleading, to allow them to make informed decisions. There's often a number of different solutions to a customer's needs, and so my focus is whether the product recommended was unsuitable for Mr and Mrs R.

At the time of the advice, the adviser completed a fact find, the purpose of which was for the adviser to note down Mr and Mrs R's circumstances. I can see they noted Mr and Mrs R were married with no dependents, were in their early 30s and both were planning to retire at age 65. They had joint income of £2,700 and outgoings of £730 – though I believe that was before the policies were put in place, which would have brought their outgoings to just less than £800 per month.

Following the meeting, on 15 March 2008, the adviser sent a letter setting out their recommendation in writing. The general purpose of a suitability letter is to summarise the advice that was given verbally and to set out the reasons for a recommendation. Mr and Mrs

R signed a document on 1 April 2008, to confirm they had received the letter. The suitability letter says:

*"We discussed your income and expenditure and you have confirmed that £15 per month is readily affordable from your current budget to meet your objectives..."*

*Based on your current situation we have agreed to address the following objectives as a priority. 1. To provide adequate protection for your beneficiaries to meet future financial needs in the event of your death...*

*I have recommended a joint life Level Term Assurance policy with a sum assured of £71,523 over a term of 40 years... A Level Term Assurance plan is a cost efficient way of providing a tax-free lump sum payable upon death during the specified term of the policy. The plan has no surrender or maturity value. Once this term has expired or if you stop paying the premiums the plan will cease.*

*You have declined the option to include Critical Illness Cover within your L&G policy due to the cost of adding this benefit to the plan."*

In my view, that clearly set out the term would be 40 years. I appreciate that Mr and Mrs R strongly dispute that the suitability letter reflects the conversation that took place. As the two parties disagree on what happened in the meeting, I have to decide what I think is more likely to have taken place, based on the balance of probabilities. To do that I've weighed up the different evidence I have – Mr and Mrs R's recollections, against the paperwork.

Having done so, I find it is more likely than not that the adviser didn't mislead Mr and Mrs R in the conversations that took place, for the following reasons:

- The adviser would have known that Mr and Mrs R could quickly discover the policy was only for a set term, upon receipt of the policy documents from Legal & General. So, this makes it less likely that he'd have lied to Mr and Mrs R about it being for the whole of their lives, given how easily they would have discovered any falsehood. That's not to say it's impossible for the adviser to have lied, just that I think it would be less likely.
- The adviser likely worked on commission, and generally whole of life policies are more expensive than term assurance policies. So, it's likely that the adviser would have earned more by selling Mr and Mrs R a whole of life policy than the level term policy.
- Though I don't doubt what Mr and Mrs R believe they remember, I'm mindful of the possibility that memories can fade and change over time. This possibility is supported by the fact that they didn't question the policy when they received the recommendation letter from the adviser, or when they were sent the policy schedule by Legal & General, which is also clear about the end date of the policy.
- It is possible that Mr and Mrs R had asked for a whole of life policy but were sold the level term policy instead. This could have happened for a number of reasons, not least because of the amount they wanted to spend, which was clearly set out as being around £15 per month. It doesn't mean the adviser was automatically wrong – in my experience, conversations about life assurance often result in a compromise, due to the expense involved.

I've gone on to consider whether the policy sold was suitable, taking into account the cost, sum assured and term. There are no details of why the sum assured was £71,532, but it is clear that Mr and Mrs R wanted to spend £15. So, I've concluded that the amount of cover was driven by the premium Mr and Mrs R wanted to spend, which is how they ended up with such a specific sum assured.

I can see the premium did increase to £19,03 following the underwriting that Legal & General carried out, so it was more than they initially wanted to spend. Based on Mr and Mrs R's disposable income in 2008 this seems to have been a reasonable increase. So, I've concluded the cost and sum assured were suitable for Mr and Mrs R.

Regarding the term, the policy was designed to end when Mr and Mrs R were 73. There are no notes about the specific reason for this term and given it would end several years after their planned retirement age, I do find it likely that a whole of life policy may have also been suitable for them. But that doesn't make the term assurance automatically unsuitable – as set out at the start of my findings, there may have been multiple possible solutions to their needs. When term assurance is sold for family protection, commonly the reason for the term is one of the following:

- It might be designed to end around the same time as retirement.
- It might come to an end when children will be turning 18 or 21, to coincide with them no longer being financially dependent.
- As set out above, it can sometimes be a compromise based on price, as the term can impact the cost of the policy.
- Because life assurance is so personal to each individual taking it out, there could be any number of other terms that a person might want. In my view simply being happy with a policy ending at a set point, could make it suitable.

From looking at the key features for the Legal & General policy, the maximum term they offered at the time was 40 years. I find it likely that the term was chosen simply because it was the longest available for this type of product. As a result, I'm persuaded that the last bullet point of the above list applies here – that Mr and Mrs R were happy with that term, which in my view makes it suitable.

I want to note that I do appreciate they dispute being happy with the term and that is the basis for their complaint. However, the other evidence from 2008 is simply so clear about the term, that I really can only conclude that they must have been happy with it at the time – even if they no longer are.

I've also noted some comments made by the adviser in the suitability letter about the reasons Mr and Mrs R wanted advice on life cover. The adviser said Mr R worked for a bank, and was:

*“financially aware, and you know your needs in this area. You also stated that the same policy with the bank would be almost three times the premium offered on the open market. My main role in this process is to provide you with a competitively priced plan.”*

I mention this because it shows me that Mr and Mrs R had carried out some research on the subject, at the very least via the policies available through Mr R's employer, so they appear to have been familiar with life assurance products as a result. That doesn't absolve the adviser of ensuring their advice was suitable, but it does show Mr and Mrs R's understanding of the policies available. Mr R at least would have been more familiar with

reading and understanding policy documents, than people who don't work in the financial sector.

Ultimately, having considered everything, I'm satisfied that the adviser set out the type of policy that he was recommending to Mr and Mrs R in a clear, fair and not-misleading way. In my view the policy wasn't unsuitable for their needs.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R and Mr R to accept or reject my decision before 17 October 2025.

Katie Haywood  
**Ombudsman**