

Firstly, I would like to apologise to Mrs W, on behalf of myself and this service, for the considerable period of time she has had to wait for a final decision on this matter.

### **complaint**

Mrs W complained that Clydesdale Bank Plc (the business) mis-sold her a life and critical illness policy to protect her mortgage. She said the policy was not suitable as she already had cover in place, and she felt coerced into taking the new policy.

### **background**

In 2010, Mrs W met with an adviser to take out a mortgage, and was recommended to take out a life and critical illness policy to protect it. Mrs W accepted the recommendation. Mrs W cancelled the policy in 2012 as she could no longer afford the premiums.

She complained to the business in 2013, saying she told the advisor she already had two policies in place, but she didn't ask her for any details and simply advised her to cancel them in favour of the new policy. Mrs W said that once the adviser became aware of her existing cover, she should not have recommended another policy.

The business couldn't provide any relevant information about the meeting.

An adjudicator at this service said Mrs W had two unit-linked policies in place at the time of sale: a critical illness policy (started in 1992) with an initial sum assured of around £40,000, and a whole-of life policy (started in 1994) with an initial sum assured of more than £70,000.

The adjudicator didn't feel Mrs W's existing cover made it unsuitable for the adviser to recommend cover specifically for the mortgage, as it would leave her existing cover available for other purposes. The existing policies had no set term, and were unit-linked meaning the cover could fluctuate so they weren't necessarily suitable for mortgage protection.

She said the mortgage offer confirmed that Mrs W wasn't required to take out cover. As such, Mrs W was free to decline the recommendation. Mrs W said the advisor had told her to cancel her existing cover, but she noted that she hadn't acted on this alleged advice.

Mrs W disagreed, and requested her complaint be reviewed by an ombudsman.

### **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I would like to address what I see as two distinct issues: the recommendation to take out this policy, and Mrs W's claim that the advisor told her to cancel her existing policies.

On the first issue, I agree with the adjudicator and for mainly the same reasons.

Mrs W was taking on a new financial commitment, a mortgage of nearly £63,000, and it seems reasonable to recommend a policy to ensure this debt could be repaid if Mrs W had died early. The size and term of this policy would have ensured her children inherited a mortgage-free property.

Mrs W said she told the advisor about her existing policies but, in my view, even if this was so, I feel the recommendation would have been reasonable.

I assume she took out these policies, years earlier, to provide a general 'safety net' for her and her family in the event she'd no longer be able to work or provide for her children. I don't think it was unreasonable for the advisor to have recommended additional protection when she was about to take on a significant new financial commitment.

However, as the documentation makes clear, this policy was not a condition of the mortgage, so it was for her to choose whether to go ahead with it.

It is obviously unfortunate that the business is unable to produce any record of her meeting with the advisor but it seems unlikely, on the face of it, that the advisor would have claimed the policy was a pre-condition of the mortgage when the paperwork clearly says otherwise.

The absence of any documentation also makes it impossible to safely reach a conclusion about whether the advisor told Mrs W to cancel her other policies. I do not doubt her recollection but it is difficult to offer a definitive judgment in these situations. More importantly, Mrs W didn't cancel these policies; so if this advice was given, it was ignored.

The role of this service is to consider whether a business has acted incorrectly or made a mistake and, if so, whether the consumer has suffered as a result of that mistake. We would then seek to compensate a consumer for their loss.

In this case, Mrs W did not cancel her policies so there is no loss to consider. So, if I were to conclude that the advisor had wrongly recommended she cancel her existing policies, it would not materially change the outcome of my final decision.

### **my final decision**

For the reasons above, I do not uphold the complaint or make any award.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs W to accept or reject my decision before 9 November 2015.

Tony Moss  
**ombudsman**