

complaint

Miss P says Halifax Insurance Ireland Ltd ('Halifax') mis-sold her an insurance policy called 'Lifestages Repayment Cover'. Miss P says she was pressured into taking out the policy and made to think she had no choice in having the cover.

St Andrew's Insurance Plc ('St Andrew's') has now taken responsibility for this complaint, so throughout my decision I will refer to St Andrew's.

background

In 2009 Miss P arranged a loan for home improvements and personal use. After arranging the loan Miss P discussed insurance with St Andrews over the phone.

Miss P was sold a regular premium insurance policy which cost £28.50 per month. It would provide a monthly benefit of £300 if Miss P were unable to work because she was sick or had lost her job. The monthly benefit would be paid for up to 12 months per claim. The policy also provided carer cover. This would be paid for a maximum of 12 months, after which, the carer cover would cease.

Our adjudicator said that Miss P's complaint should not be upheld. Miss P and her representative disagreed with the adjudicator's opinion so the complaint has been passed to me for a decision.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. And I've taken into account any regulatory rules as well as the law and good industry practice at the time the policy was sold.

For the reasons below, I've decided not to uphold Miss P's complaint.

Miss P says she was pressured to take out the policy. And says she was made to think she had no choice in having the cover. St Andrew's doesn't have a recording of the call where it sold Miss P the policy. But a copy of the script that its staff would have used has been made available.

I've carefully looked at the script and I've also thought about the wider circumstances around the sale as well as what Miss P remembers. And after doing so, I think St Andrew's would've made Miss P aware she could choose whether to buy the policy.

I say this because:

- Miss P would've arranged her loan before the policy. And from the content of the script I think it would've been clear to Miss P that the call was to discuss the insurance and it was a separate product to the loan itself. The payments for the policy were collected by a separate direct debit.
- In the early part of the script the adviser is prompted to ask, *'I believe that you are interested in hearing more about our optional Lifestages repayments cover?'* so I think Miss P would have had the opportunity to say no at this point.

- The script then includes a section to establish a customer's needs before then referring to the features and benefits of the policy and then establishing the suitability of the cover for the customer. Following this, the script discusses the price of the policy, exclusions under the cover and talks about cancelling the policy. After all of this the adviser is required to ask, *'Based on the limited information on this product that I have provided so far, are you happy to go ahead with this cover?'*
- So given the overall content of the call, and given that Miss P would have just been told she could cancel the policy if she didn't want it – I think Miss P would've understood that St Andrew's was asking her if she wanted to have the policy. I don't think she would've been confused about what she was being asked to agree to.
- While I've carefully taken Miss P's recollections into account, they're not enough to make me think the call wouldn't have broadly followed the content of the script in her case.
- Given what we know about St Andrew's sales process and culture – and after listening to calls made using similar scripts – I don't think Miss P would've been made to feel she had to buy the policy.

Because St Andrew's advised Miss P to buy the policy, I've also considered whether it was right for her.

I think it was right for her, because:

- The script prompted the adviser to ask Miss P questions to make sure she was able to apply for the cover. And Miss P has told us she was working and in good health when she took out the policy. So it looks like she was able to benefit from all the cover it offered, if she needed to.
- I've taken into account that Miss P had some sick pay. In the most recent questionnaire she filled in for her complaint she told us she got 6 weeks sick pay followed by statutory sick pay. This seems to fit with the job she had and the length of time she'd been there, so I'll assume this information is right. But I've also taken into account that the policy would pay benefit on top of this, leaving her sick pay free to use for other things. The policy also covered Miss P if she lost her job. Miss P was solely responsible for the repayments. So I think it did offer potentially useful benefits. And it looks like she could afford it.

I also think Miss P would have known the cost of the policy before she agreed to take it out as the script would've explained what this was in relation to her loan. The adviser would've explained the benefit would be worked out by using blocks of £100s. And the schedule and Demands and Needs statement that would've been sent to her afterwards both showed the monthly premium and what it would cost over a year. The Demands and Needs statement also explained again how the amount of benefit was worked out.

Having taken everything into account about Miss P's circumstances, I think the policy was right for her. She was increasing her financial liability at that time and I think she would have found the policy potentially useful for her circumstances. I also think Miss P would still have taken the policy out even if St Andrew's had given her different, or more, information.

I've also not seen enough to make me think that Miss P was pressured into having the policy or that it was presented to her in a way that made her think she had no choice in taking it out.

This means Miss P isn't worse off as a result of anything St Andrew's did wrong and there's nothing it needs to do to put things right.

my final decision

For the reasons above, my final decision is that Miss P's complaint isn't upheld and I make no award against St Andrew's Insurance Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 30 October 2015.

Kristina Mathews
ombudsman