

#### complaint

Mr S complains about the sale of an income protection policy by Lloyds Bank PLC.

#### our initial conclusions

Our adjudicator didn't uphold the complaint. She didn't think the policy had been mis-sold.

#### my final decision

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of the complaint.

Mr S took out the policy in 1993. The aim of the policy was to provide him with a monthly income in the event he couldn't work because of accident or illness. The policy was set up so that the benefit and premiums increased automatically by 7.5% each year.

Mr S complains about the automatic annual increase. He says he didn't realise the benefit was linked to his income. And because of the annual increase, he's been over-insured under the policy for many years.

There's only limited information available from the time of sale. But the policy terms and application form confirm the maximum benefit payable was three-quarters of earnings. Mr S was given the choice of selecting either level cover or increasing cover on the application. The increasing cover was chosen.

I see that the benefit selected wasn't the maximum amount Mr S could have had (taking into account his earnings at the time), and the annual increases could take place for three years before taking Mr S over his maximum benefit. In that time, it's not unreasonable to consider Mr S' earnings would have likely also increased. Whilst Mr S would have needed to monitor the situation to ensure future increases didn't take him over his maximum benefit, I don't think setting up the policy with automatic increases at the time was inappropriate. So I don't find the policy was mis-sold. **My final decision is that I don't uphold this complaint.**

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S either to accept or reject my decision before 29 April 2016

Chantelle Hurn-Ryan

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

#### ombudsman notes

As the adjudicator has explained, because Mr S has apparently been over-insured under the policy for some years and therefore wouldn't have been able to claim the full benefit, he should raise this with the insurer (who is a separate company to Lloyds) to see if it will consider refunding some of his premiums.

#### what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

#### what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.