

complaint

Mr O complains Aberdeen Wealth Management Ltd (Aberdeen) wrongly advised him to take out a life insurance policy for inheritance tax (IHT) purposes. He says that as a farmer his estate is exempt from IHT.

background

Mr O brought his complaint to this service, and said:

- His current financial advisor told him the life insurance provider would have demanded to see a financial questionnaire to consider whether to agree to the policy proposal – why hasn't Aberdeen produced this?
- Aberdeen now says there's no evidence the policy was put in trust, and therefore it cannot offer IHT protection – why didn't it advise this at the time?
- His advisor also says Aberdeen should've given him a Suitability Letter – it didn't

An adjudicator at this service said he was satisfied the policy had been sold to mitigate against an IHT liability on the estate Mr O jointly held with his father.

He recognised Aberdeen hadn't been able to produce any information concerning what the advisor at its predecessor's business had said, and what was discussed overall. So he didn't feel it was possible to safely reach a conclusion on several of the issues raised by Mr O.

But he didn't feel the complaint should succeed, primarily because the application form detailing the potential liability had been endorsed by Mr O's accountant. He felt the accountant wouldn't have endorsed the application unless he considered the information was correct.

Mr O disagreed, saying the application had been completed by the adviser and his accountant was not responsible for the incorrect information recorded.

Aberdeen offered Mr O £100 compensation for the delay in dealing with this complaint. The adjudicator felt this offer was fair.

As the complaint remains unresolved, it has been referred to me for review.

my findings

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

In this case, I agree with the adjudicator and mainly for the same reasons.

It is obviously very unfortunate that there's no documentation available about the crucial meeting with the advisor including what was said about IHT liability, placing any policy in trust and any form of suitability letter.

So it's impossible to be certain as to what was said about Mr O's likely IHT liability, the need for this policy and the benefit of placing the policy in trust.

In this light, I don't believe it would be fair or reasonable to simply conclude the advisor did something wrong.

To fairly uphold this complaint, I would need to safely conclude Mr O did not have an IHT liability at that time, and that the advisor knew this or failed to ask sufficient questions to clarify the issue. I do not think there is sufficient persuasive evidence on any of these matters.

The application form states Mr O had an IHT liability of £1.6 million, and his accountant signed to confirm the accuracy of these details. This declaration states: 'for person and inheritance tax cover, when the proposed sum assured exceeds £1.25 million, separate confirmation of the details given in Section A will be required from your accountant or solicitor.'

Mr O says it would not have been the accountant's job to check the proposed level of cover or whether the advisor had investigated what relief was available. But I cannot agree with this interpretation.

It seems to me Mr O's accountant should have been aware of whether his estate was likely to be subject to IHT, or if he wasn't aware, it would not have been appropriate for him to sign a declaration effectively confirming a liability.

If he had been in any doubt about the accuracy of the information, I believe he should have sought further information before agreeing to sign.

This suggests to me either that Mr O did have an IHT liability at the time or that he thought he had one, or that his accountant believed this to be the case. In this context, I cannot fairly conclude that the advisor wrongly advised him to take out this policy.

my final decision

I uphold this complaint, but only in relation to Aberdeen's handling of the complaint itself.

I instruct Aberdeen Wealth Management Ltd to pay Mr O £100 in compensation for this failing.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 15 February 2016.

Tony Moss
ombudsman