

The complaint

Mr L has complained that Lifetime Protection Services Limited trading as Bon-Accord Life mis-sold him his life insurance policy.

What happened

In June 2018 Mr L took out a life insurance policy through Lifetime Protection Services Limited trading as Bon-Accord Life (Bon-Accord). This policy was with a life insurance policy provider who I will refer to in this decision as Firm A.

The policy that Mr L took out with Firm A was a level term life insurance policy with a sum insured of £30,000 and a term of five years. The monthly premiums paid under this policy were £66.70 per month for the first four years and £29.20 a month in the final year. Therefore, premiums totalling £3,552.06 (£66.70 X 48 months + £29.20 X 12 months) were paid over the five-year term by Mr L.

Mr L's Firm A life insurance policy would pay out the sum insured of £30,000 if Mr L died or suffered from a terminal illness during the policy term. It didn't pay out anything if Mr L cashed the policy in during its five-year term, or when the policy expired at the end of the five-year term in 2023.

Mr L has said that he thought the policy he'd taken out with Firm A did include a pay out at the end of the five-year term. He therefore complained to Bon-Accord in June 2023 that the policy he held with Firm A had been mis-sold to him.

Bon-Accord responded to Mr L's complaint on 15 June 2023. They said that it had been explained to Mr L that the policy he took out with Firm A was for life insurance and was designed to pay out a cash lump sum on death or diagnosis of a terminal illness and therefore the policy never had any cash in value. Bon-Accord didn't uphold Mr L's complaint.

Mr L was unhappy with Bon-Accord's response, so he referred his complaint to the Financial Ombudsman Service. One of our Investigator's reviewed Mr L's complaint. Our Investigator's view was that Bon-Accord hadn't mis-sold Mr L his Firm A life insurance policy and therefore they didn't uphold Mr L's complaint.

Mr L disagreed with our Investigator's view. Mr L said that he had taken out his Firm A policy as he wanted to receive a lump sum at the end of the policy term.

As Mr L didn't agree with our Investigator's view, his complaint has been brought to an Ombudsman.

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.

Mr L spoke with Bon-Accord by telephone, and I've received recordings of Mr L's telephone conversations with Bon-Accord and have listened carefully to these recordings.

I think that Mr L's first telephone call with Bon-Accord was to discuss his life insurance needs. I've set out what I think are the key details of this call as follows.

At the start of the recording of Mr L's first telephone call with Bon-Accord, Mr L is passed from a member of staff at Bon-Accord to a colleague. The member of staff who is passing the call over explains to their colleague that Mr L wants to look at a policy that will pay out a cash lump sum on death. I think that Mr L is still present on the call whilst this is happening and hasn't been put on hold.

Once the call has been passed over, Mr L explains that he has previously held life insurance and critical illness cover. Mr L goes on to explain that following a diagnosis of a critical illness he claimed under his former policy and received the pay out of the sum insured. He says that he used some of this to pay off the mortgage on his UK property and then retained the balance.

Mr L also explains that he hasn't been able to get life insurance cover since he made the claim under this policy. However, Mr L says that he has an apartment in Spain which has an outstanding mortgage on it. Mr L says that he has a life insurance policy in Spain against the mortgage, but this is expensive, so he wants to arrange a life insurance policy in the UK against the mortgage. On being asked by Bon-Accord who he'd want the policy to protect if he died, Mr L says that this is his partner.

Mr L also says that the mortgage on his Spanish apartment is a repayment mortgage and has four and a half years left to run. He says that he pays 500 euros a month on the mortgage, so it is "*going down pretty fast*".

Bon-Accord explain to Mr L that they don't give advice or provide a personal recommendation. Mr L is asked by Bon-Accord if he wants to look into taking out a decreasing term life insurance policy or a level term life insurance policy. Bon-Accord explain the difference between these types of life insurance policies to Mr L.

Mr L initially says that he wants to consider both decreasing and level life insurance, but later in the call says that he wants to get a quotation for level term, and not decreasing term, insurance.

Bon-Accord give Mr L details of monthly premiums that would be payable for level term life insurance but explain that medical and lifestyle information will be needed to complete an application. Bon-Accord says it's likely that the actual cost of the insurance will be more because of his previous critical illness diagnosis.

Before going through the lifestyle and health questions with Mr L, Bon-Accord give him a summary of the policy that he is applying for. Bon-Accord tell Mr L that the policy will provide a cash sum if Mr L dies or is diagnosed with a terminal illness. Mr L is also told that the policy will never have a cash in value and is asked if he's happy to proceed on that basis. Mr

L replies “yes I’m happy”. Mr L then proceeds to answer medical and lifestyle questions with Bon-Accord.

In follow up telephone conversations Bon-Accord explain to Mr L that one life insurer has declined to offer cover. Bon-Accord explain that Firm A will offer life insurance cover to Mr L as detailed above and explain the monthly costs. Mr L says that he will proceed with the policy with Firm A.

As I said above, I’ve listened to the recordings of Mr L’s telephone conversations with Bon-Accord and have not heard any evidence that Mr L explained to Bon-Accord during any of these phone calls that he needed a policy that would provide for a pay out at the end of the policy term.

I also haven’t heard any evidence that Bon-Accord told Mr L that his Firm A life insurance policy would provide him with a pay out at the end of the policy term. Instead, I think that Bon-Accord explained to Mr L that the Firm A policy would only pay out if he died or was diagnosed with a terminal illness before the end of the policy term.

In his complaint, Mr L has said that at the start of his first telephone call with Bon-Accord he explained to the Bon-Accord employee that he first spoke to, who then passed the call to a colleague, that he did want a policy that would pay out a lump sum at the end of the policy term. Mr L has said that this discussion isn’t included in the recording of this telephone call that was sent to this service.

However, what is on the recording of Mr L’s initial telephone call is the member of staff who passed the call over explaining to their colleague that Mr L wants to look at a policy that will pay out a cash lump sum on death. I think that Mr L is still present on the call whilst this is happening, so I’m of the opinion that Mr L was able to listen to these comments.

But even if Mr L wasn’t present on this part of the call, I think that if he had wanted a policy that provided a pay-out at the end of its term, then it wouldn’t be unusual for him to have explained this to Bon-Accord once his call had been passed over. But I’ve not heard any evidence of this happening. Instead, as I’ve said above, when Mr L is given a summary of the policy that he’s applying for he says that he’s happy with this.

Following Mr L’s first telephone call, Bon-Accord wrote to him by email to say that they had electronically processed Mr L’s application for life insurance with Firm A, but Firm A had asked for further information before they could make a decision on Mr L’s application. In this email Bon-Accord went on to say:

“In this instance you have asked for a Level Term Life Insurance Policy. This is due to your need for the level of cover to stay the same throughout the term of the policy. Level Term policies are designed to pay a cash sum if you die or are diagnosed with a terminal illness during the policy term. The policy covers you for your requested term time and would then cease”.

I think that in their email Bon-Accord was telling Mr L that the type of policy he’d asked for was level term life insurance and not a savings or investment plan that would provide a pay-out at the end of the policy term.

With their email Bon-Accord attached a Firm A “keyfacts” document which I’ve had sight of. In the covering email Bon Accord said: *“If after reading through the attachments you have any questions or would like us to amend anything then please contact me by reply email or call our Support team on (phone number).”*

The first page of this document is headed “Key Features of the Flexible Protection Plan”, the first section of which is headed “Life Protection”.

This section states: *“Its aims To pay a one off cash lump sum on death, or on diagnosis of a terminal illness, to help pay off a mortgage, or provide a lump sum to ease the financial worries of your family. To insure yourself, yourself and someone else, or one or two other people”*.

In a section headed “What am I covered for?”, Firm A’s “keyfacts” document says: *“Life Protection is designed to provide a one-off cash payment if you die, or are diagnosed with a terminal illness, before the end date of your policy. The cash could be used to help pay off a mortgage or provide a lump sum to ease the financial worries for your family”*.

In another section headed “How long do I pay premiums for?” the “keyfacts” document says: *“You pay a premium every month by Direct Debit until the month immediately before the end date of your policy, or until we pay out a claim if this is earlier. You can choose to stop paying premiums at any time, but if you do then your policy will end, you won’t be covered and you won’t get anything back”*. The document then says, highlighted in red text: *“This policy has no cash in value at any time”*.

In a further section in Firm A’s “keyfacts” document, in a section headed “Can I change my mind?” Firm A say: *“Yes. You can cancel your policy at any time. If you cancel your policy within 30 days of it starting, we’ll refund your premiums. If you cancel at any other time, your cover will end and you won’t get anything back.”* The document then says, again highlighted in red text, *“This policy has no cash in value at any time”*.

I think that Firm A’s “keyfacts” document is saying that the policy that Mr L is taking out will pay a lump sum if Mr L dies or is diagnosed with a terminal illness before the end of the policy term. It’s also saying twice, in red text, that the policy has no cash in value at any time. I don’t think Firm A’s “keyfacts” document is saying that any money will be paid to Mr L at the end of the policy term.

In their covering email Bon-Accord asked Mr L to contact them if he had any questions or wanted to amend his application for life insurance. Bon-Accord gave Mr L contact details to use for this, but I’ve not seen any evidence to show that Mr L contacted Bon-Accord after he’d received these documents to raise any concerns about the Firm A policy.

I’ve also listened to a recording of a telephone call from Bon-Accord to Mr L in November 2018, which is after his Firm A policy has started. Bon-Accord explain that they’re calling to confirm details of his Firm A policy and to make sure that he’s happy with this. Bon-Accord explain that he has chosen a level term policy that will *“pay if you pass away within the next five years”*. Bon-Accord go on to confirm the amount of sum insured and the monthly premium payable and ask Mr L if he’s happy with this or if he has any concerns. Mr L says that he’s quite happy with this.

I’ve therefore not seen or heard any evidence to show that Mr L explained to Bon-Accord that he wanted a policy that would pay out at the end of the policy term, or that Bon-Accord ever told Mr L that his Firm A policy would it pay out at the end of its term. Instead, I think that Bon-Accord told Mr L that his policy would only pay out if he died or was diagnosed with a terminal illness during the policy term.

I also think that Firm A’s “keyfacts” document explained to Mr L that his policy would pay out on death or diagnosis of a terminal illness and that it had no cash in value at any time, but I’ve not seen any evidence to show that Mr L contacted Bon-Accord when he received these documents to say that he had any concerns about the Firm A policy.

Therefore, as I've not seen or heard any evidence that Mr L's Firm A policy was mis-sold to him by Bon-Accord, as Mr L has claimed, I'm not upholding his complaint.

My final decision

My final decision is that I don't uphold Mr L's complaint against Lifetime Protection Services Limited trading as Bon-Accord Life.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 23 April 2024.

Ian Barton
Ombudsman