

The complaint

Mr R's complained that one of Sesame Limited's independent financial advisers (IFA) sold him a critical illness policy which wasn't suitable for his needs – so that when he tried to make a claim, he didn't have the cover he thought he did.

What happened

Mr R joined the army straight from school and was employed by them throughout his medical training. He intended to serve as an army doctor when this was completed.

While training at a hospital, Mr R attended a presentation given by Sesame's IFA. Mr R explained to the IFA that the army provided various benefits. But he thought it might be useful to have a critical illness policy which provided cover for total permanent disability ("TPD") on an "own occupation" basis - so he could claim should be unable to continue to serve as an army doctor.

He completed an application form for critical illness cover for a term ending around his 60th birthday. The initial sum assured was £150,000, with the option to increase each year. The policy commenced about three months later.

A number of years later, Mr R started having symptoms of illness that eventually led to his being medically discharged from the army in early 2022. His symptoms didn't lead to diagnosis of a particular illness. So he made a claim under the TPD section of the policy.

The policy underwriter advised Mr R that he couldn't make a claim because his policy only covered TPD on a Functional Abilities Tests (FATs) basis – not on an own occupation basis. The underwriter told Mr R that they would never have offered own occupation cover to an army doctor and that, when they'd advised the IFA of that decision, the IFA had instructed them to proceed on a FATs basis.

Mr R complained the IFA hadn't sought his permission to change the basis of the cover and had sold him something he knew didn't meet his needs. Sesame didn't uphold his complaint because they said records showed his priority was critical illness cover and the policy Mr R was sold was appropriate to this need. They said they'd found no evidence he'd been advised the policy would be set up on an own occupation basis. And that the decision as to the basis of cover was the underwriter's, not theirs.

Mr R wasn't satisfied with Sesame's response and brought his complaint to our service. He told us he'd never have bought the cover, unless it was on an own occupation basis, as other bases were covered by his army benefits. And he said his occupation was incorrectly recorded as being a hospital doctor, who would be joining the army, when he had been an army doctor throughout.

Our investigator considered the complaint and concluded Sesame didn't need to do any more to resolve it. He was satisfied the recording of Mr R's occupation was a reasonable reflection of his circumstances at the time. He reviewed the documents from the time of sale and saw there was no record of Mr R's focus on own occupation cover – rather, the focus

was on critical illness cover – which he had. And he thought Mr R had enough information to make an informed decision about the cover.

Mr R didn't agree with the investigator's view. So I've been asked to make a final decision.

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.

Having done that, I'm not upholding Mr R's complaint. I know he'll be disappointed by my decision. I hope it will help if I explain why I've made it.

The circumstances of this complaint aren't in dispute. What I have to decide is what the impact of those circumstances was on Mr R. For me to direct Sesame to do more to resolve the complaint, I have to be satisfied not only that their IFA did something wrong, but also that what he did impacted negatively on Mr R.

Sesame haven't responded to the investigator's view. I assume from that they agree with what it contains – including the statement that the IFA had accepted TPD would only be available on a FATs basis without notifying Mr R. Mr R's position is he shouldn't have done that – nor should he have been described as a hospital doctor. He says those failures mean Sesame should pay what the policy would have paid him on an own occupation basis.

I understand why Mr R says that, but I don't agree. Where we uphold a complaint, our decisions aim to put consumers back in the position they would have been had nothing gone wrong. The IFA telling Mr R the basis on which the underwriter was prepared to offer cover wouldn't have led to it being offered on a different basis – it would have led either to Mr R accepting or declining the cover that was offered. It wouldn't have led to the claim being paid. So, even if I upheld the complaint, I wouldn't direct Sesame to provide redress that way.

Mr R says he would have declined the cover, because his army benefits provided an adequate alternative for all options except TPD cover on an own occupation basis. I've thought very carefully about that.

At my request, the investigator obtained details of Mr R's army benefits. The documents Mr R sent us show that, if he leaves the army due to ill-health he is entitled to an immediate pension and a tax free lump sum of three times the pension. No figures are given.

Those benefits would be considerable now, given Mr R's lengthy service. But when he bought the policy, they would have been worth much less. I'm not persuaded by what I've read that – at the time of sale - they were comparable to the benefits of the policy Mr R bought. That, coupled with the notes about Mr R's needs our investigator referred to, means I'm not satisfied Mr R would only have bought the policy had it provided TPD cover on an own occupation basis.

I've also noted the underwriter sent him confirmation the policy commenced in March 2001. The confirmation includes a key features document which clearly states TPD is included on a FATs basis and doesn't mention own occupation. And it includes Mr R's right to cancel within the following 14 days if he wants to. I'm satisfied from this document that Mr R was advised of the basis of cover and had the chance to cancel without penalty if he decided, when he read it, that it didn't meet his needs.

I'm sorry to give what I'm sure will be unwelcome news for Mr R. But, for the reasons I've explained, I don't think Sesame need to do any more to resolve his complaint.

My final decision

For the reasons I've explained, I'm not upholding Mr R's complaint about Sesame Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 December 2023.

Helen Stacey
Ombudsman