

The complaint

The estate of Ms G complains that IPP Financial Services LLP failed to correctly manage a whole of life policy.

What happened

One of our Investigators looked into the complaint and thought it should be upheld.

After reviewing everything, I came to a different conclusion to our Investigator and didn't the complaint should be upheld. I issued a provisional decision on 17 August 2023 in which I said:

The estate of Ms G has provided a lot of information about the complaint and it's clear to me how strongly they feel about what happened. I want to assure the estate that I've read and considered everything that's been provided even if I don't mention it in detail. I've summarised some of what happened which reflects the informal nature of our service.

Where the information about what happened is incomplete, unclear, or contradictory, as some of it is here, I've come to a decision based on the balance of probabilities about what I think is most likely to have happened.

Having carefully considered everything I'm not persuaded IPP need to do anything to put things right.

A lot of information has been received and I'll address what I think are the most important issues.

Fee agreement

To start I've looked at the Financial Planning Fee Agreement signed by Ms G to see what services were being offered for the fee being paid. I've seen agreements from 2017 and 2018 which say the fee and service is "In connection with the Investment I have arranged for you ...".

So it seems that the agreement only covered investments sold by IPP, and it's agreed by all parties that the policy was sold by a different business. IPP have said that because of this they weren't responsible for looking after the policy.

I've also seen a slightly different agreement from 2019 which isn't as specific about only looking at investments sold by IPP. But as this was later than the agreements which are specific I'm happy they hold more weight about the role of IPP.

So I'm not persuaded IPP agreed to look after or manage investments that weren't sold by them.

2018 review

I've looked at notes from a review in 2018 which was conducted with Ms G's daughter on her

behalf.

These say that IPP weren't aware of any whole of life plan with the product provider and they were given the details by Ms G's daughter including the sum assured at that time.

IPP asked for authority to approach the product provider for details. And an action point for Ms G's daughter was to send the policy number so IPP can check its details

The notes go on to say that once the policy details had been received, along with a letter of authority, IPP would get information about the policy.

So at that time IPP had no information on file about the policy.

Contact notes from 2021

Contact notes from June 2021 when IPP were told about the passing of Ms G say they cannot see anything on file relating to a policy with that product provider.

So I can't say what happened after the 2018 review, but it seems that the information about the policy wasn't received.

Letters from the product provider

The product provider say they wrote to IPP several times over the years about the policy. However IPP say they never received any of the letters.

I understand that the product provider didn't hold a current address for Ms G for many years so she didn't receive any letters. I can't hold IPP responsible for whatever happened with the product provider.

IPP say the product provider wrote to the trustees, so they should've been aware of the 2018 review and reduction in sum assured. I haven't seen evidence that the product provider wrote to the trustees at a correct address, however I think it most likely they did write to the address they held on file. And by doing so fulfilled their obligations.

I've also kept in mind this isn't a complaint about the product provider, and it's also not possible to ask Ms G for her version of events.

Commission

IPP say they never received any commission for the policy over the years. And they also say the product provider has said that commission was being paid to the business where Ms G received the initial advice.

They also say that had they been made aware of the review in 2018 they would've made Ms G aware of the changes. One reason for this is because an option under the review was to substantially increase the monthly premiums and this would've meant a correspondingly large increase in any commission for IPP.

I think had IPP had details of the policy, and had they received the review letter, that action would've been taken.

Valuation summaries

I've seen several valuation summaries over the years sent to Ms G. This policy doesn't appear on any of those summaries as they only seem to show investments sold by IPP.

Level of increase

The review of the policy by the product provider in 2018 showed there would need to be a substantial increase in premiums in order to maintain the sum assured.

Premiums would have needed to increase from £92.47 per month to £346.75 which is an increase of around 375%.

If I was upholding this complaint I would need to be persuaded that Ms G would've paid the increase had IPP, or the product provider, made her aware. However I can't say that's the case.

That doesn't mean she might not have paid the extra premiums, but without the benefit of hindsight from the estate, I can't fairly agree that would've happened.

Also I think it's important to say that the reason Ms G didn't know directly about the review was because of issues with the product provider that I can't hold IPP responsible for.

Set up of the policy

The policy wasn't sold by IPP but Ms G and the trustees would've been provided with documents explaining how it worked. This would more than likely have been by both the business who sold the policy and the product provider.

Part of the information would've been that the policy was reviewable and that it's possible there would be an increase in premiums as Ms G got older. So even if Ms G and the trustees didn't receive subsequent letters from the product provider I think they would've been made aware that reviews were possible.

2004

It seems that something happened between IPP and the product provider in 2004 which was around a year after the policy was taken out.

Due to the passage of time and lack of documentation I can't say exactly what happened but my understanding is that IPP made contact about the policy.

From what I do know it seems that IPP didn't have any agency agreement with the product provider at that time. So it wasn't able to give any details about the policy.

Whatever happened at that time, the product provider didn't give any information, and nor did they pay IPP any commission.

And I think it's important to reiterate that IPP didn't agree to look after any investments they didn't sell; and they didn't sell this policy. So it seems they tried to help in some way but weren't able to at that time.

I also haven't seen any evidence that Ms G questioned the absence of the policy from the reviews or valuation statements.

Connection between IPP and the business who sold the policy

The estate says an adviser at IPP also worked for the business who sold the policy to Ms G.

That might be the case, but I haven't seen any persuasive evidence this had an impact on the policy and nor on the problem that happened.

Summary

Having carefully considered everything I'm satisfied IPP acted fairly and reasonably and don't need to take any further action.

I'm not persuaded IPP are responsible for what happened with the reduction in the sum assured of the policy.

I asked both parties to provide me with any further submissions before I issued my final decision.

The estate replied saying they were unhappy with the provisional decision providing more information and comments about why they thought IPP were responsible.

IPP replied maintaining their stance that they weren't responsible for looking after the policy and therefore weren't liable to pay any shortfall.

The complaint has now been passed back to me for a 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.

When replying the estate said there were several factual inaccuracies in either the evidence used in my provisional decision, or in how I had interpreted that evidence.

I think it's important to say that where there isn't a full record of what happened, or there is conflicting information such as there is here, I need to come to a decision on the balance of probabilities about what I think is most likely to have happened.

Both parties have provided information and commentary to back up their stance on the complaint. And I've read and considered everything that has been provided. But I must come to my own independent decision about the complaint. That means that I will have a different opinion on some of the evidence than the parties involved.

All parties agree that IPP knew about the policy, it's whether they should be held responsible for the administration of the policy that is the crux of the complaint.

As I said in my provisional decision the fee agreement shows that IPP will only be responsible for investments arranged by them. I know the adviser who sold the policy when working at a different business was the same one Ms G was dealing with at IPP, but that doesn't mean IPP become responsible.

The estate says the notes of the 2018 meeting are misleading and contain inaccuracies, and I've considered what they have said. But I must also consider that the notes are a contemporaneous record about what happened.

The notes from 2018 say IPP had no record of the policy; and yet all parties agree that something happened in 2004. Bearing in mind the passage of time between 2004 and 2018 I don't find it unlikely that, for whatever reason, the records weren't complete.

IPP say they never received any letters about the policy from the product provider. And had they done so I think it most likely there would've been a record, but it seems that there was no record, at least in 2018.

IPP communicated with the product provider in 2004 and notes from 2010 show that contact was going to be made. So, again, there's no doubt that IPP were aware of the policy.

Looking at everything I'm not persuaded IPP were actively managing the policy. Just because they were aware of it doesn't mean they were responsible. It seems IPP weren't receiving any commission for the policy, and yet the product provider say they sent multiple letters to IPP, which they say weren't received. Had the letters been received I would've expected to see a record somewhere, for example in the notes of 2018 review.

As I previously commented on, when the policy review took place there was the possibility of a very large premium increase. This would've meant an increase in commission for the adviser at IPP. So if the letter was received, and if IPP was the servicing agent, I think it most likely the review letter would've been passed along to Ms G.

The estate say that Ms G would've increased the premiums had she known about the review and looking at what has been said I agree that's most likely. Ms G didn't know about the review directly as the product provider didn't hold the correct address. As this isn't a complaint about the product provider, I can't comment here on how that came about.

In their submissions the estate said that Ms G maintained full capacity without any cognitive compromise and was in charge of all of her financial affairs until her passing. And that IPP weren't at liberty to disclose any information regarding her situation. So whilst the estate has provided a lot of commentary about what they think should've happened, it was only Ms G who was involved in the conversations.

It's very clear to me that the reduction in sum assured has caused a lot of upset for the estate, which I do not underestimate. And I've paid careful consideration to all of the submissions.

Based on the balance of probabilities about what I think is most likely to have happened; I don't think IPP were responsible for monitoring the policy. And nor am I sufficiently persuaded that IPP should've monitored the policy in any informal fashion.

Having carefully considered everything that happened, I'm satisfied that IPP acted fairly and reasonably so don't need to take any further action.

My final decision

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Ms G to accept or reject my decision before 24 October 2023.

Warren Wilson

Ombudsman