

The complaint

Miss F complains that the Mortgage Advice Bureau Limited ('MAB') mis-sold her a critical illness policy.

What happened

Miss F took out a new mortgage in 2018. She's unhappy with the advice she received from MAB which led to her cancelling the critical illness policy she already had in place.

Shortly after taking out the new policy Miss F was diagnosed with multiple sclerosis. Her claim was declined by the underwriter of the policy because she hadn't disclosed details of medical treatment in 2016.

Miss F complained to MAB. In summary, she said she was pressured into the sale and the advisor didn't take into account her best interests. She said she was told that it would be more convenient to have all her policies through one provider and feels the advice was motivated by commission. Miss F also says she was told to cancel her work policy and that the policy she originally held would have covered her diagnosis of MS.

MAB said Miss F was provided with a suitable recommendation taking into account her demands and needs. They didn't think the policy was unsuitable for her and didn't think the advisor was responsible for the claim being declined.

Our investigator looked into what happened and didn't uphold Miss F's complaint. He didn't think there was evidence Miss F had been pressured into taking out the policy and, overall, he thought the advice was fair and reasonable which made it suitable for Miss F.

Miss F didn't agree and asked an ombudsman to review her complaint. She highlighted the benefits she held through work and the amount of commission the advisor received based on the recommendation. She said the evidence pointed to unsuitable advice and a pressured sale as the advisor had a significant gain in terms of commission. She didn't think it was necessary to take out a new critical illness policy and she should have retained the existing policy, which she thought would have covered her diagnosis of MS. In summary, she said the advisor provided unsuitable advice for a number of reasons. These further points were reviewed by a different investigator, but they didn't change his thoughts about the overall outcome of the complaint.

So, I need to make 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.

While I've summarised the background to this complaint and Miss F's submissions to us, I've carefully considered all that's been said and sent to us. Within my decision though, I haven't commented on each point that's been raised and nor do our rules require me to do so.

Instead, I've focused on what I think are the main issues which are central to the outcome of this complaint.

MAB provided Miss F with advice. The relevant rules and industry guidelines say that they needed to ensure that the policy was suitable for her demands and needs. And they needed to provide her with clear, fair and non-misleading information.

I'm not upholding Miss F's complaint because:

- I've seen no compelling or persuasive evidence that Miss F was pressured by the advisor to take out the policy in the way she's described or that aggressive and high-pressure sales tactics were employed. The weight of the evidence suggests to me that it's most likely that Miss F reviewed her financial circumstances and protection arrangements as she was taking on a significant new financial commitment. I don't think anything in the documentation suggests that it was presented to her as compulsory or that she had to take cover through a particular provider.
- Miss F declined some income protection products offered and the notes indicate that she was looking into other options for the only compulsory insurance required by her mortgage. She also was able to discuss her concerns about the affordability of the policies with the advisor, which led to a decision to reduce the level of cover to bring the price within Miss F wanted to pay. So, this further persuades me Miss F was engaged with the sales process, was able to discuss the advice with MAB and was aware that she didn't have to take out the new policy if she didn't want to.
- Miss F cancelled the CIC policy she held and took out a new one which was around double the price. However, I don't think the advisor's recommendation was unsuitable bearing in mind the demands and needs recorded. I don't think it was unreasonable to recommend a policy which matched the mortgage term, even if Miss F had plans to ultimately shorten her mortgage term or sell her other property. Based on the information I have I don't think the benefits she had via work would have offered the same level of cover. And, the new policy had some additional features which the existing policy didn't. Overall, I think MAB recommended a policy which offered a reasonable level of cover at a price she could afford.
- I appreciate that it's very disappointing for Miss F that she could have successfully claimed under her previous policy had it remained in force. But, based on the available evidence, I don't think the advisor acted unfairly or unreasonably.
- Miss F says that she was told to cancel her work policies as they were worthless and would free up money to spend on the policies the advisor recommended. There's no record of such a conversation taking place. But, in any event, Miss F didn't cancel her work policies and I'm pleased to see that she was able to make a successful claim. So, even if that advice was given, I don't think Miss F has lost out as a result.
- Based on the available evidence I'm not persuaded that the advisor was motivated by commission and gave an unsuitable recommendation. I can see that the quotation referred to the commission payable and Miss F was provided with a detailed breakdown of the commission. So, I think Miss F had a fair opportunity to query this with the advisor if she felt that it had impacted on the products he recommended, or the overall advice given.

My final decision

I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 13 December 2023.

Anna Wilshaw
Ombudsman