DRN-3881094

The complaint

Mr and Mrs S say that Bank of Scotland plc trading as Halifax unreasonably cancelled their Halifax Total Mortgage Protection Plan (‘*TMPP*’) – despite them having taken out a new mortgage liability and Halifax specifically agreeing that the cover would continue.

What happened

Mr and Mrs S took their policy out in May 2004. It offered them life assurance for an 18-year term along with critical illness, disability, unemployment and mortgage repayments benefits.

In 2019, Mr and Mrs S remortgaged as they had purchased a new home. Mr and Mrs S say an adviser in branch called Halifax in branch to say they were remortgaging. Halifax assured them that their TMPP policy would be extended at the end of its term until their new mortgage ended.

However, in March 2022, Halifax wrote to Mr and Mrs S to tell them their policy would end on 17 May 2022.

Mr and Mrs S complained on 3 April 2022. They reiterated how they had been into the branch to remortgaged in March 2019 and they were told the TMPP would be extended to match their new mortgage term of a further eight years and two months.

On 11 April 2022, Halifax acknowledged receipt of the complaint. Mr and Mrs S referred their complaint to this service two weeks later. They said it couldn’t be right that the policy only applied to the old mortgage as they had moved three years previously. So either the policy could be extended or they’d overpaid by three years.

On 20 April 2022, Halifax rejected the complaint. It said as these policies were fixed term policies it did not have an option to extend the term of the life cover. Therefore the life cover was set to expire on 17 May 2022.

Mr and Mrs S appealed the complaint outcome. On 22 July 2022, Halifax reiterate that it could not uphold the complaint. It said it appreciated that Mr and Mrs S recalled a call being placed by an adviser in branch on their behalf in March 2019. But it had no record of that; and it would have explained to them that the fixed term of the policy couldn’t be extended.

It also supplied a copy of a letter it had issued to Mr and Mrs S dated 2 May 2019, which was sent to them by standard post notifying them of the policy term. It was sorry if Mr and Mrs S said they did not receive it but it was sent to the correct address.

Finally, it explained that the policy didn’t end because of Mr or Mrs S’s respective ages – it merely came to an end on agreed date set out within the policy’s terms and conditions.

An investigator considered the complaint but she didn’t think it should succeed. She said she appreciated how frustrating things were for Mr and Mrs S, she felt the policy had ended fairly in May 2022 at the end of its term and Halifax had confirmed as such in writing. She therefore couldn’t ask Halifax to do anything more.

Mr and Mrs S said they disagreed. They explained they felt unfairly treated by Halifax. They have been made to feel like liars, simply because Halifax could not locate the conversation they had through the branch adviser in 2019 – and this wasn't reasonable. They said they felt extremely disappointed and wanted their complaint to be referred to an ombudsman.

Halifax confirmed it had nothing further to add.

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.

I can see that Mr and Mrs S feel strongly about this matter, and I do not underestimate their depth of feeling about what's gone on. Though I do not wish to make matters worse for them, I am not able to uphold their complaint about Halifax. I'll summarise my reasons for that below.

Neither party disputes that Mr and Mrs S required life assurance to run alongside their mortgage lending. However, when Mr and Mrs S remortgaged in order to move home, they extended their mortgage liability by a further five years.

It may help if I explain how this type of cover works. Term assurance provides an agreed amount of insurance cover – life assurance or critical illness cover most commonly – for a set 'term' which is the agreed number of years determined at the outset. It is the cheapest form of cover, and usually taken out as a form of protection for large financial commitments, such as mortgages and loans. Mr and Mrs S's policy also has other protection included such as mortgage repayment cover, but it still operated for a fixed term agreed at the outset.

Many insurers have a maximum age for which life assurance can be provided, and the terms are usually chosen between 5 and 40 years (though this may also vary). Importantly, if the policyholders survive the entire term, the policy ends with no value at all.

I've looked at the terms and conditions for Mr and Mrs S's policy, and they set out at section 10 that:

> "***Ending mortgage repayments cover***
>
> *All mortgage repayments cover under this plan will end and all mortgage repayments benefits will stop automatically when the first of the following events happen:*
>
> - *you permanently retire (and you must tell us as soon as possible if you permanently retire);*
> - *the **term** ends;*
> - *you cancel or end your mortgage repayments cover;*
> - *you fail to pay two monthly premiums in a row; or*
> - *you die*."

The word 'term' is also defined in the policy's glossary as "*the maximum number of years for which the plan could last, described in the plan schedule*.". Mr and Mrs S's policy schedule expressly set out that the cover ended on 17 May 2022. From this date, they would need to consider taking further insurance if they wanted protection in place for the remainder of their extended mortgage term.

I realise Mr and Mrs S don't dispute that they had an ongoing need for cover; their argument is that they were assured in branch at the time of the remortgage that this existing policy would roll forwards to provide insurance cover for the new mortgage.

I don’t doubt their recollections and I realise Mr and Mrs S feel strongly about what they were told. However, I have to consider the evidence before me on the balance of probabilities. And Halifax has provided us with a correctly addressed letter to Mr and Mrs S dated 2 May 2019, which said:

> “*We’re writing about your Total Mortgage Protection Plan (TMPP) and the recent closure of your mortgage account.*
>
> *Your TMPP was originally arranged to protect your mortgage commitment. However, the protection provided under your TMPP will continue until the original plan end date as stated in your plan schedule (subject to the terms contained within your policy booklet), as long as you maintain your monthly plan payments. This means that you are still insured and can still make a claim even though you may no longer have a mortgage.*
>
> *If you want to end this plan, you must contact us in writing or on the phone number above*.”

I know Mr and Mrs S say they never received this letter, but the vast majority of correctly addressed postal correspondence is properly received. Even if I were to accept this letter wasn’t delivered to Mr and Mrs S, I still haven’t seen any objective evidence to determine that Halifax agreed to act contrary to the written terms and conditions of the policy. The evidence doesn’t support that conclusion, because the policy terms would not allow for that.

I am therefore not able to uphold this complaint, as I’ve not seen any clear evidence that Halifax has acted unfairly or unreasonably in ceasing to provide insurance for Mr and Mrs S once the term of their TMPP cover came to an end in May 2022.

My final decision

Though I know my decision will be disappointing for Mr and Mrs S, I am not able to uphold their complaint, or make any award.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr and Mrs S to accept or reject my decision before 28 July 2023.

Jo Storey
Ombudsman