

The complaint

Miss R complains that Bradford & Bingley Limited (B&B) sold her life assurance and critical illness cover that she didn't need.

What happened

Miss R took out a mortgage in 2002. When taking it out, B&B recommended and sold Miss R life and critical illness (CIC) cover to protect the mortgage in the event she died or contracted a critical illness.

In 2022, Miss R complained. She said she hadn't needed the life and CIC protection, because she had cover from her employer and other assets she could have used to pay off the mortgage.

B&B partially upheld Miss R's complaint. It said she'd been single with no dependents at the time the mortgage had been taken out, and so there'd have been no one who'd have stood to benefit from the mortgage being paid off by the life cover if she'd died. So it offered to refund the portion of her premiums that'd been used to pay for life cover (and associated "waiver of premium" benefit).

But B&B said that, despite having other similar cover, being protected to the value of her mortgage in the event she was diagnosed with a critical illness could still have been of benefit to Miss R. So it thought the recommendation to take out CIC had been suitable, and didn't offer to refund that part of the premium.

One of our investigators looked into things, and thought B&B had acted fairly. He said there wasn't any evidence Miss R had been told she *had* to take out this cover in order to secure her mortgage. And overall he thought the CIC policy was a suitable thing for B&B to have recommended. He noted Miss R's other assets (which included another property, and some endowment policies) and the cover she had in place from her employer. But he concluded that the CIC policy provided cover that she didn't already have, and that was reasonable for B&B to have recommended. So he didn't think B&B needed to do anything further.

Miss R disagreed and asked for an ombudsman to decide the matter. She said that the policy she had from her employer provided substantially similar cover to the one B&B had sold her, and up to a similar value. She maintained that she'd not needed or wanted the CIC policy she'd been sold.

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 so I've reached the same conclusions as our investigator, and for broadly the same reasons.

B&B recommended the life assurance and CIC policies to Miss R. They needed to ensure

the advice was suitable for Miss R's needs and objectives. Everyone now agrees that Miss R didn't have a need for life cover at that time – as she was single with no dependents. I'm pleased to see B&B have put things right by compensating Miss R for that in line with our service's longstanding approach.

The remaining dispute concerns the CIC policy. I have read and considered Miss R's arguments about this in detail. I can appreciate she felt she had similar cover and that this policy wasn't a necessary cost for her. But I don't think it was unfair or unreasonable for B&B to have recommended it, and I'll explain why.

Miss R had assets in excess of the value of her mortgage in 2002. But these were mainly in property or policies which were yet to mature – and therefore not readily realisable. I've also given considerable thought to the existing policy Miss R held through her employer.

Miss R had cover that would have paid differing sums (for some circumstances, lump sums, for some, ongoing payments for a period of time). But that policy wasn't specifically to protect her mortgage, and I've not seen evidence that it would have paid out enough to cover Miss R's whole mortgage in the same circumstances B&B's policy would have. In the event she had unfortunately suffered a critical illness during the life of the policy, there would have undoubtedly been countless costs and expenses for which her employers' policy would have been useful to her.

But in principle, having a standalone policy such as the one B&B sold her, in order to cover her remaining mortgage wasn't unsuitable to recommend. The cost of the policy was affordable, and it would have paid a sum sufficient to cover this large specific debt in the event of a critical illness – leaving Miss R's other assets and policies to support her. So I don't think taking out this CIC policy was an unfair or unreasonable thing for B&B to advise Miss R to do.

My final decision

For the reasons I've given I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 5 January 2024.

Luke Gordon
Ombudsman