

The complaint

Mr B has complained that Mortgage Advice Bureau Limited (MAB) mis-sold income protection and critical illness insurance policies to him.

Mr B has a representative but I will refer to Mr B throughout my decision as he was the policyholder.

What happened

Mr B took out critical illness and income protection policies following advice from MAB in 2018. Mr B made a claim but the insurer declined the claims and cancelled the policies as it said Mr B had made a misrepresentation at the time the policies were sold. Mr B made a complaint to the insurer, which has been dealt with separately.

Mr B complained that the policies had been mis-sold to him. He has said that the income protection policy was mis-sold as it didn't match the term of his mortgage which is what he requested. In addition, he said he already had suitable income protection cover and so MAB should not have advised Mr B to replace that policy. Had he not taken the new income protection policy, his claim would have been covered under the old policy.

Mr B complained but MAB didn't think it had mis-sold the policies so Mr B referred his complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint but didn't think the policies were unsuitable.

Mr B disagreed and in summary, has made the following comments:

- The relevant rules haven't been taken into account. MAB did not follow the rules.
- Had MAB provided correct advice not to cancel his old policy, Mr B would have been able to make a claim and so he has financially lost out.

And so the case has been passed to me for 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 so, I don't think this complaint should be upheld. I'll explain why.

- The relevant rules and industry guidelines say a seller should ensure a policy is suitable for the buyer's needs, in an advised sale. And the information must be provided in a clear, fair and not misleading way. I have considered the rules and regulations referred to by Mr B.
- I should also say that I have carefully considered everything Mr B has said, in detail.

But I will only address what I consider to be key to my decision.

- Firstly, in relation to the critical illness insurance policy, Mr B seems to have accepted our investigator's conclusion on this. For the sake of completeness, I am also satisfied that the policy was suitable. He needed a new policy to reflect his change in circumstances. His previous policy covered his ex-partner and there is no evidence of a separation clause in the previous policy. The term was for 18 years as requested and based on Mr B's disposable income, the policy was affordable. So I am satisfied that this policy was suitable for Mr B's needs and was not mis-sold to him.
- Mr B has said the income protection policy sold to him was unsuitable as it didn't match the term of his mortgage which is what he had requested and discussed. His previous policy did match his mortgage and was suitable for him so MAB shouldn't have advised him to take a new policy.
- I've reviewed all of the available documentation from the time of the sale. This confirms that Mr B wanted a term of 18 years. It also confirms that the policy would expire when he was 52 years old which made the term just over 17 years. The monthly benefit was £1,300 with a monthly premium of £18.49.
- Mr B's previously policy matched the term of his mortgage but only had a monthly benefit of £1,200. The premium was £17.13.
- Mr B says had he been advised to keep his old income protection policy, he would have been covered for a claim he made. I can't say whether Mr B would have been able to make a successful claim under his old policy. But I don't think Mr B would have kept his old policy and I don't think the advice to take a new policy was unsuitable.
- As the paperwork clearly confirmed that the policy would expire at age 52, I don't think this was mis-sold. Even if I accept that there is an insufficient explanation as to why the policy would end at age 52, I don't think this makes any difference to the outcome. That is because to put Mr B back in the position he would have been in, what should have happened is that MAB should have recommended a policy with a term of 18 years. Had it done so, I don't see any reason why Mr B wouldn't have taken it. The monthly premium was only slightly higher for an additional £100 benefit. So I still think he would be in the same position he is in now. He would have taken a new policy for a higher benefit amount. So it therefore follows that I don't think the term of the policy makes any difference to this case as it's more likely than not that Mr B would have taken a new policy with slightly increased premiums for a higher benefit amount.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 December 2023.

Shamaila Hussain
Ombudsman