

## **The complaint**

Mr G complains that St James's Place Wealth Management Plc ('SJP') sold him an income protection insurance policy that wasn't suitable for his needs.

## **What happened**

In August 2013, SJP sold Mr G an income protection insurance policy with a deferred period of four weeks. This was to replace Mr G's existing income protection insurance policy which had a deferred period of 13 weeks. The new policy was more expensive than the old one had been.

In 2023, Mr G complained to SJP after his colleague tried to claim under the same policy. Mr G said the policy had been mis-sold to him because he'd have received NHS sick pay for up to 22 weeks and, even when this sick pay expired, any benefits payable to him under the policy would've been limited. The policy has since been cancelled by Mr G.

SJP said it didn't think the policy had been inappropriate for Mr G but offered £250 compensation, which has since been paid, for its delays in responding to Mr G's complaint.

Unhappy, Mr G brought the matter to the attention of our service.

One of our investigators looked into what had happened and said she didn't think SJP had acted unfairly or unreasonably in the circumstances. Mr G didn't agree with our investigator's opinion so the complaint has been referred to me to make a decision, as the final stage in our process.

## **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.

This was an advised sale, during which SJP recommended the policy to Mr G. I think it's fair and reasonable to apply the principles set out in relevant industry rules (the Financial Conduct Authority's 'Insurance: Conduct of Business Sourcebook') to the circumstances of this complaint. Under these rules, SJP needed to take reasonable care to ensure the policy was suitable for Mr G. SJP also needed to provide Mr G with information about the policy that was clear, fair and not misleading.

However, SJP's obligations didn't extend to giving advice about benefits which Mr G may or may not have been entitled to from the NHS. I understand Mr G says the adviser held himself out as a specialist in providing insurance to those working in Mr G's occupation, but I don't think it would be reasonable to expect the adviser to have detailed knowledge of, carry out research into or provide advice about any benefits outside of those provided under the insurance policy that was sold. In fact, I think it would have been inappropriate for the adviser to have done this.

It was up to Mr G to carry out his own research into any other benefits he may have been

entitled to and SJP's responsibilities were limited to recommending a policy that was suitable for Mr G's needs based on the information he provided to it.

The policy sold in 2013 was recommended as suitable for Mr G based on the information he gave to SJP. The 'Confidential Financial Review ('Fact Find') document completed by SJP at the time of the sale says that Mr G's objectives and priorities were to review his existing policy's deferred period and to reduce this to four weeks due to his personal circumstances. The Fact Find says Mr G told SJP he would receive sick pay for one month if he was unable to work.

The recommendation letter which SJP sent to Mr G said that his objectives were to consider a new deferred period, that he would receive sick pay for one month if he was unable to work and that its advice was based on the information provided by Mr G.

I accept Mr G paid higher premiums to obtain the benefit of a shorter deferred period. And, Mr G may not have needed the benefit of a shorter deferred period. But I don't think it's fair or reasonable in the circumstances to hold SJP responsible for this.

I can't fairly say that Mr G could never have obtained a benefit from the policy. While Mr G's entitlement to NHS sick pay may not have changed while the policy was in force, there was no guarantee in 2013 that this would remain the case. And, even if Mr G met and continued to meet the criteria for NHS sick pay to be paid to him throughout the period the policy was in force, Mr G could still have received a policy benefit after 22 weeks had passed.

I understand Mr G has said the policy was unlikely to have paid out at all after any NHS sick pay entitlement expired. In common with most, if not all, income protection insurance policies available on the market, any policy benefits payable would have been reduced by other insurance payments, benefits or continued earnings (such as dividends) being received by Mr G. This information is clearly set out in the application to change policies which was completed by Mr G in September 2013. The reason why a claim payment is reduced in this way is because the purpose of the insurance is to indemnify the policyholder against lost earnings, and a policyholder cannot end up in a better financial position as a result of an income protection insurance claim than they would have been in had they continued to work.

While it may have been the case that any dividends received by Mr G may have reduced the level of benefit payable to him under the policy, this is the very nature of an insurance policy like this one. Mr G was paying a premium to cover the risk of his income being diminished, and the underwriter would then top-up Mr G's income if that risk did materialise. The policy underwriter confirmed to SJP that a successful claim could have been made under the policy subject to Mr G satisfying the criteria set out in the terms and conditions. While I can understand why Mr G may now question what value this policy afforded him, a risk existed to insure against and I can't fairly conclude that Mr G could never have derived any benefit from the policy.

Overall, I'm satisfied that this income protection insurance policy was suitable for Mr G's needs based on the information that he provided to SJP. I'm also satisfied that SJP gave Mr G information about the policy that was clear, fair and not misleading.

This means I don't think the policy was mis-sold, so I won't be directing SJP to do anything further.

### **My final decision**

My final decision is that I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 January 2025.

Leah Nagle  
**Ombudsman**