

The complaint

Mrs H complained that The Royal London Mutual Insurance Society Limited mis-sold her a life assurance policy.

What happened

Mrs H took out a decreasing term life assurance policy with Royal London in October 2010. In 2023, having cancelled the direct debit, Mrs H realised the policy had been set up on a decreasing basis and not on a level basis as she had thought. As a result, Mrs H raised a complaint with Royal London.

Royal London didn't uphold Mrs H's complaint. They said that Mrs H was aware of the policy she took out as documents were sent to Mrs H following the policy starting. Mrs H wasn't happy with the response to her complaint, so she brought it to this service.

Our investigator upheld Mrs H's complaint. She thought that Mrs H would have given Royal London the correct information about her mortgage being interest only. As a result, our investigator felt the adviser had taken down information incorrectly and sold a policy that wasn't suitable for Mrs H.

Royal London appealed. They believed that Mrs H had mis-remembered what had been discussed at the time as they'd provided her with ample information about the policy sold. They also said there was no benefit to the adviser selling a decreasing term policy compared to a level term policy, the adviser noted Mrs H wanted the cheapest possible policy and the adviser could only have got the information recorded from Mrs H. As no agreement could be reached, the complaint has been passed to me to make a final decision.

Because I disagreed with our investigator's view, I issued a provisional decision in this case. This allowed both Royal London and Mrs H a chance to provide further information or evidence and/or to comment on my thinking before I made my final decision.

What I provisionally decided – and why

I previously issued a provisional decision on this complaint as my findings were different from that of our investigator. In my provisional decision, I said:

“I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Based on what I've seen so far, I don't intend to uphold this complaint. I appreciate this will come as a disappointment to Mrs H, but I've explained my reasons below.

At the outset I acknowledge that I've summarised her complaint in far less detail than Mrs H has, and in my own words. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it's an informal dispute resolution service. If there's something I've not mentioned, it isn't because

I've overlooked it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.

This policy was taken out in 2010. Due to the time that has passed, recollections of the parties involved in the sale will be impacted. I have to rely on the available evidence to decide what I think most likely happened.

Royal London's adviser noted that Mrs H had a repayment mortgage. Mrs H had only recently taken out a new mortgage the month before the policy started. This was on an interest only basis.

Royal London has said that during the sale, Mrs H was provided with the policy key features document and she signed the policy proposal form. They've also said that following the sale, Mrs H was sent the policy schedule and a suitability letter. Royal London has said that all these documents set out that the policy was a decreasing term policy.

Royal London hasn't provided any evidence to confirm Mrs H was provided with the policy key features document. Due to the passage of time, they also no longer have a copy of the suitability letter. As such, I'm unable to rely on either of these documents.

Royal London has provided a copy of the policy proposal form. This has been signed by Mrs H and confirms the policy was taken out on a decreasing basis. Royal London has also provided us with an electronic copy of the policy schedule. This also confirms the policy was set up on a decreasing term basis and sets out the reduction in the sum assured each year over the whole policy term.

Mrs H has said she hasn't been able to find a copy of the policy schedule from the time. However, based on Royal London's screenshots, I think this was most likely sent and so received by Mrs H.

Mrs H said she doesn't remember following up after the policy had been set up. I think it's likely that she would have done, had she either not received any documents from Royal London, or had received them and was unhappy with the cover that had been set up. I appreciate her mother was seriously ill around the time, but this wasn't until several months after the policy had started.

Based on what I've seen, and based on the above, I think it's most likely that either Mrs H incorrectly informed the adviser, or, Mrs H correctly informed the adviser, but her preference was still to have a decreasing term policy. As such, I'm not intending to find that Royal London has done anything wrong or ask them to do anything further.

I think it's also important to note that even if I thought Royal London had done something wrong, which I don't, to financially redress Mrs H, there would need to be a financial detriment. A level term policy costs more than a decreasing term policy. As such, Mrs H has been paying less than she would have done, had a level term policy been set up, since October 2010, so over 14 years. The policy is due to run until October 2033 which means there are now less than nine years remaining. To ask Royal London to compensate Mrs H, I'd need to see that it would cost Mrs H more over the remaining term with a new policy than she had saved over the previous 14 years."

Therefore, I wasn't minded to direct Royal London to do anything further as I didn't think they'd done anything wrong.

Responses to my provisional decision

Neither Mrs H nor Royal London responded to the provisional decision by the deadline.

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've thought carefully about the provisional decision I reached. Having done so, and as neither party has provided anything which could lead me to depart from my provisional decision, my final decision remains the same as my provisional decision, and for the same reasons.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint. I don't require The Royal London Mutual Insurance Society Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 24 March 2025.

Anthony Mullins
Ombudsman