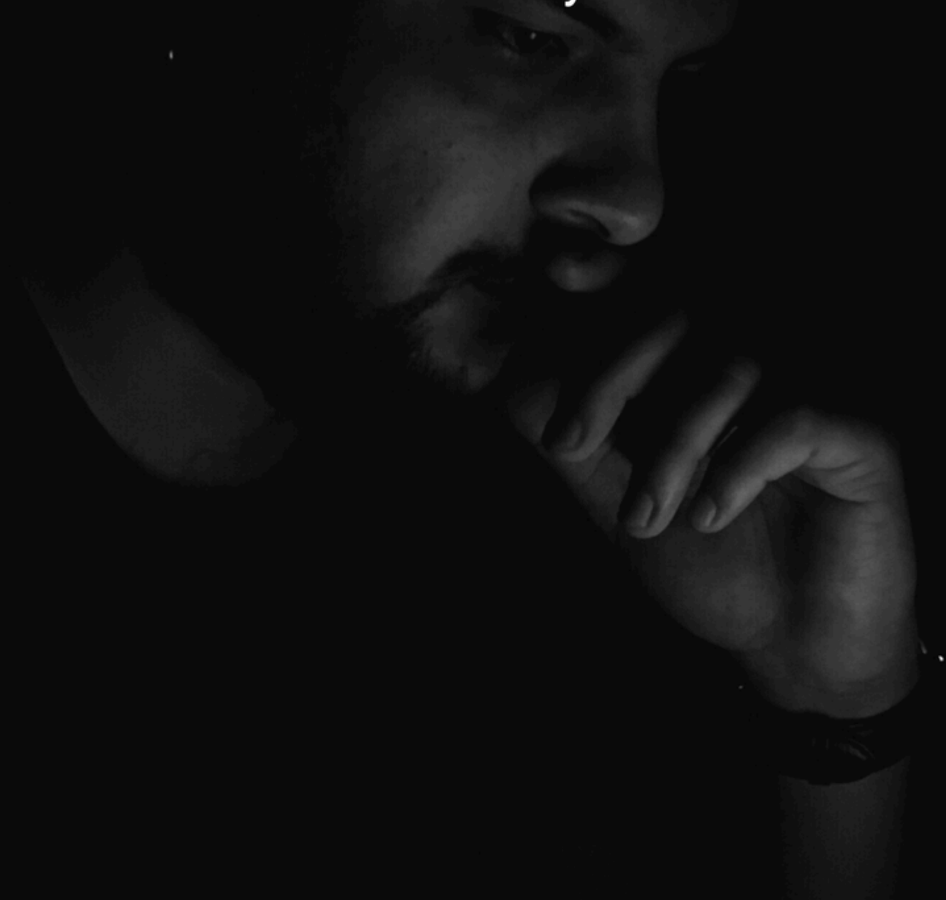
Mistake 3
The Mis-Sold Policy

When “peace of mind” became a lifetime of worry



Mistake 3 – The Mis-Sold Policy

When you're in your fifties, life insurance sounds like the responsible thing to do.
You want to protect your family. You want to make sure the mortgage is paid, the kids aren't burdened, and your spouse can live without financial fear.

That's exactly how **John Evans** from **Manchester** saw it.
But for John, what began as a gesture of love slowly turned into a nightmare of rising costs, endless paperwork, and ultimately, financial loss.

The Beginning – 2007

It was **spring of 2007**. Manchester United were winning everything, petrol was under £1 a litre, and John Evans was 54 years old.

He worked as a **building surveyor**, a steady job he'd held for over 25 years.
He wasn't extravagant — his pleasures were simple: a round of golf on Sunday mornings, watching the match with his mates at the pub, and long walks with **Bella**, the family's golden retriever.

He and his wife **Karen** lived in a three-bed semi in **Sale**, just south of Manchester, where they'd raised their two children, **Tom** and **Sophie**.
By then, the kids were grown — Tom had just started a plumbing apprenticeship, and Sophie was at university studying psychology.

Life felt stable. Predictable. Comfortable.

So when John sat down with a financial adviser that March to talk about life insurance, it made perfect sense.

The adviser told him about a **variable whole-of-life policy** — a flexible plan that would last his lifetime, with premiums that could "adjust slightly over time."

It sounded smart. Affordable. Responsible.

John took out the policy for **£200 a month**, with a payout of **£90,000** — enough to clear the mortgage and leave something behind for the kids.

He walked away feeling proud. Like he'd ticked an important box as a husband and father.

The First Shock – 2012

Five years later, life looked a little different.

John was 59. The children were independent — Tom had started his own small business, and Sophie had moved to London.
He and Karen were enjoying their quieter years. They'd joined a local bowls club, taken a trip to Spain, and started talking about early retirement.

Then came the diagnosis.

Type 2 diabetes.

Nothing dramatic at first — a few tablets, some diet changes. But when John called his insurer to inform them (as the policy required), the letter that followed made his stomach drop.

His premiums were going up — from **£200 to £280 a month.**

The letter was full of jargon about "risk reclassification" and "adjusted mortality assumptions," but the message was clear: he was going to pay more, for the same cover.

Karen was furious.
John shrugged it off. *"It's fine, love. Better to have it and not need it."*

The Spiral – 2015

Then in **2015**, at 62, John had a mild **heart attack**.

He recovered well — stents fitted, back on his feet within months — but it changed everything.

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The insurer reviewed his policy again. This time, his monthly premium **jumped to over £400**.

He called his adviser, who wasn't with the same firm anymore. The new contact at the insurance company told him that "health-related reassessments" were part of the product's structure.

That was the first time John realised his "whole-of-life" cover wasn't fixed at all.

But by then, he'd paid so much in, it felt impossible to walk away.
He'd already contributed more than **£50,000**, and cancelling it would mean losing everything.

So he kept paying.

The Slow Decline – 2016 to 2023

As the years went on, the premiums continued creeping up — **£420, £460, £480, £500 a month.**

Retirement, which was supposed to be relaxed and comfortable, became tight.

Holidays stopped.
He sold his golf clubs.
Bella, now old and frail, passed away, and John decided not to get another dog. "Too expensive," he said quietly to Karen.

They rarely went out for meals anymore.

Every month, that insurance payment went out — the one thing John refused to cancel.

"I've paid this long," he'd say. "At least it'll help the kids when I'm gone."

The End – 2023

In **April 2023**, at the age of 70, John died suddenly from another heart attack.

Karen was heartbroken, but at least she thought the policy would give her some relief — a financial cushion after all those years of sacrifice.

It didn't.

The insurer paid out the **£90,000** as promised.
But because the policy hadn't been **written into trust**, the payout went **straight into John's estate**.

That meant it was fully subject to **inheritance tax at 40 %**.

Karen's solicitor explained gently that she'd only receive **£54,000** after tax.
Out of nearly two decades of premiums — totalling around **£90,000** themselves — she was left with barely enough to cover funeral costs and a few household repairs.

The policy had done the opposite of what John intended.

How It Went Wrong

John's mistake wasn't that he bought insurance.
It was that he was **sold the wrong kind** — and never told the full picture.

A variable whole-of-life policy can make sense for some, but only if it's managed carefully, reviewed regularly, and written into trust from day one.

John's adviser never explained that:

- His **premiums could increase** dramatically as he aged or if his health declined.
- The **payout would fall into his taxable estate** unless specifically excluded.
- And that over time, the **costs could outweigh the benefit** entirely.

He thought he was protecting his family.
Instead, he'd just redirected their savings into a product that slowly drained his retirement.

The Emotional Toll

Money aside, the saddest part of this story isn't the numbers — it's what those rising premiums quietly stole.

No more Sunday golf with his friends.
No more short holidays with Karen.
No more summer trips to visit Sophie in London or help Tom with his new business van.

All those little sacrifices, made in the belief that he was doing the right thing.

And that's the tragedy of it.

He wasn't careless.
He wasn't unwise.
He was just mis-sold — like thousands of others who believed the brochures, the promises, and the easy smiles of advisers paid on commission.

The Lesson

If you take one thing from John's story, let it be this:
Never assume an insurance policy will work exactly the way it's sold to you.

Always check:
✅ Are the premiums fixed for life?
✅ Is the payout written into trust?
✅ What happens if your health changes?
✅ And how much will you have paid in before it pays out?

If the answers aren't crystal clear, stop and ask questions.
Because when the small print catches up, it's almost always too late.

Final Thoughts

John Evans didn't do anything wrong.
He was trying to protect the people he loved — the same reason most of us ever sign those documents.

But the system is complex, and sometimes even good intentions can be twisted into profit for someone else.

So before you take out insurance — or rely on one you already have — read the fine print, get it reviewed, and make sure it's really protecting your family, not quietly draining their future.

Because "peace of mind" isn't peace at all if it costs you your life's comfort to keep it.

Important Note

This report is for **educational purposes only**. It's based on real-world examples of what can go wrong when financial products are misunderstood or mis-sold.

It does not constitute financial or tax advice.
For regulated, personal guidance, always consult an **FCA-authorised insurance or estate-planning specialist**.

This article is part of the *Market Insider IHT Series* — helping families understand the human stories behind inheritance tax and long-term planning.

Mistake 3 – The Mis-Sold Policy

In "Mistake 3 – The Mis-Sold Policy," John Evans thought he was securing his family's future with a life insurance plan, only to find his well-intentioned decision spiraling into financial turmoil. As premiums soared and health issues mounted, the promise of peace of mind turned into a lifetime of worry, culminating in a harsh lesson about mis-sold policies and their hidden pitfalls. This poignant tale serves as a cautionary reminder that good intentions can lead to devastating outcomes when the fine print is overlooked.