

## **The complaint**

Mr and Mrs B complain that Abbey Life Assurance Company Limited ('Abbey') mis-sold them a joint term assurance policy in November 2005. They say Abbey unfairly pressured them into taking out the policy as a result of surrendering their previous endowment savings policy, but it offered them a less comprehensive cover option than they had before.

## **What happened**

Mr and Mrs B originally took out an endowment mortgage with Abbey, which they changed to a capital repayment mortgage in 2001.

In 2005, the endowment savings policy was surrendered, following a complaint to Abbey about mis-selling and another complaint about the cancellation of existing cover Mr and Mrs B had held since 1993. The latter complaint was ultimately referred to this service in 2005.

Abbey agreed to settle the complaint. As part of the response to the settlement, it gave Mr and Mrs B a quote for decreasing term assurance to cover the remaining mortgage balance on the assumption the endowment surrender value would be paid off the outstanding debt. A decision was also issued by this service in 2006 where it was found that Abbey's settlement compensation was in line with the steps this service would propose for upheld complaints.

In December 2017, Mr and Mrs B complained to Abbey about the way it had handled the surrender of the endowment policy. Abbey issued a reply to that complaint on 8 January 2018. The matter was later referred here in August 2018.

An investigator reviewed that complaint but said it fell outside of the time limits applying to this service. He also concluded that the complaint in relation to the endowment policy had already been addressed at this service in 2006 and it could not be revisited.

Mr and Mrs B accepted that outcome, but pointed out they had never made a complaint about the insistence that they took out the unsuitable term assurance policy.

Mr and Mrs B said they were unhappy that the replacement policy had no disability benefit, less life cover and no maturity bonus, despite Abbey's letter of November 2005 telling them that the replacement cover will be on the same basis as their endowment.

The investigator therefore put this complaint to Abbey. It originally refused to consider the complaint as the previous endowment complaint had been referred to this service.

Another investigator from this service determined that this was a complaint we could consider, as the concern about the term assurance sale was a fresh complaint. What the 2018 letter had addressed was that Mr and Mrs B said they weren't given a choice to retain the existing endowment.

Abbey reviewed the complaint afresh and rejected it. It issued a response to the complaint in December 2020, though it didn't address the suitability of the term assurance policy.

Mr and Mrs B said the December 2020 letter didn't address their complaint.

The investigator then reviewed the merits of the complaint but she didn't think it should succeed. She said she believed it was fair for Abbey to have quoted Mr and Mrs B for new cover, as they retained a mortgage debt which did not have protection in the event of death.

Further, she did not agree that Mr and Mrs B were pressured or compelled into taking out the cover. The letter she had seen dated 28 October 2004 gave them a quote. Mr and Mrs B then decided to agree to the recommendation by return letter in November 2005. She felt Mr and Mrs B were made reasonably aware of the benefits of the policy and it was for them to choose if they took it out or not.

Mr and Mrs B did not accept the investigator's view. They made a number of further comments, responding to each point the investigator had set out. In summary, they said:

- Abbey refused to let them keep their endowment policy, which is what they had wanted originally;
- they didn't complain about the endowment to this service in 2005, they complained about another policy that Abbey made them cancel;
- the 2018 complaint came about because they found out Abbey should not have forced them to surrender the endowment policy and instead force them to take out term assurance;
- Abbey originally proposed an outcome to the settlement of the mis-sold endowment that kept it in place, then it withdrew that offer in May 2014;
- that meant they had to end the cover against their wishes and take out the term assurance;
- they fundamentally disagreed that a term assurance policy was more suitable for them;
- the application was prepopulated for them and they now realise it had errors which could have invalidated a claim if either of them had passed away.

Our investigator was not persuaded to change her view.

Mr and Mrs B asked for the complaint to be referred to an ombudsman. They said the endowment was churned, in order to mis-sell them a decreasing term assurance policy, which they felt was less suitable for their circumstances.

### **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 reviewed all of the information carefully, I am of the view that this complaint cannot succeed.

I realise Mr and Mrs B remain unhappy about the events of 2005, but I cannot revisit these. The previous complaint outcome from 2020 (accepted by both parties) confirmed that this service cannot revisit any aspect of the complaint regarding the endowment mortgage and accompanying policy – this was settled by Abbey, accepted by Mr and Mrs B and I cannot revisit that under our rules.

That means a number of the grounds of appeal raised by Mr and Mrs B in response to our investigator are not things I can look at either. I cannot assess Abbey's reasoning for its endowment redress, its failure to allow Mr and Mrs B to retain their cover under that policy or

the cause for complaint at that time.

The only undecided issue is that of the invitation to take out term assurance. I cannot consider the underlying reasons for the proposal where they relate to the endowment. I can, however, determine if I think Abbey acted fairly when offering Mr and Mrs B the option to apply for life assurance themselves, noting that Mr and Mrs B said they were forced into taking out detrimental cover.

Having considered that, I don't find Abbey to have acted unfairly or unreasonably. When it dealt with the endowment redress, it wrote to Mr and Mrs B about the shortfall of life cover. It told them on two occasions in August and October 2004 that they would no longer have life assurance, and if they required, a quotation could be issued to them. It specifically asked Mr and Mrs B to tell it if they wanted to proceed and issue a quotation, which they did.

I have seen no clear evidence that Mr and Mrs B were forced or required to take out the policy. To the contrary, Abbey's correspondence explains that Mr and Mrs B will have a life cover shortfall if they accept the redress calculation for the endowment policy as this ended that cover. I don't see anything unfair about Abbey highlighting that gap in insurance cover.

Further, Mr and Mrs B were given considerable time to reflect on their decision. Because of the ongoing complaint, they did not complete and return the quotation for life cover until November 2005. When they completed their application for the life cover, they signed a declaration confirming that they *"have not received any financial advice from Abbey [Life] and the decision to apply is [their] own"*.

On this basis, my view is that Mr and Mrs B were given sufficient information to be clear that this policy was not mandatory, but instead Abbey had put forward a proposal they may want to undertake because they were without life cover.

A decreasing term assurance policy is the generally recommended type of cover for mortgage lending as it has a sum which reduces broadly in line with the repayments of a debt. The policy available to Mr and Mrs B - if they wanted to apply for it- met the mortgage amount and term, on a decreasing basis as appropriate for a capital repayment mortgage.

I realise that the policy would not be directly comparable with the endowment savings policy Mr and Mrs B held before. It couldn't have a maturity value, for example, as these are policies that function in materially different ways. Term assurance policies do not operate as investment savings plans.

But, having looked at the proposal Abbey made to Mr and Mrs B I am persuaded that they were given sufficient information (including the mortgage protection policy conditions) to understand the type of cover they could seek with Abbey if they wanted to apply for it. I cannot see they were pressured or required to do so. I therefore can't uphold this complaint.

### **My final decision**

I do not uphold the complaint or make any award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 21 March 2022.

Jo Storey  
**Ombudsman**