

The complaint

Mr G complains that The Royal Bank of Scotland Plc (RBS) mis-sold him a life assurance policy. Specifically, he says that RBS didn't tell him that he could pay significantly more in premiums than the sum assured.

What happened

In 2004, Mr G completed an application form to take out an over-50s life assurance policy. This provided him with a sum assured of around £4,800 for a monthly premium of £30. Mr G says this was a promotional offer, but he was never told that he could be in a position where he'd pay significantly more in premiums than his sum assured. He complained to RBS.

RBS explained that this wasn't something it advised him to take, and the key features of the policy showed that it was a possibility that he'd pay more in premiums than the sum assured. Mr G says RBS should've advised him in this situation. He also said that RBS sent him a key features document, when he asked for it recently, that didn't have the warning in. So, he believes that it was withholding critical information. RBS, whilst this complaint was with the Financial Ombudsman Service, offered Mr G £100 compensation for the inconvenience.

Our Investigator didn't think RBS had done anything wrong, so didn't ask it to offer anything more. She explained that RBS didn't give advice to Mr G to take the policy out, so it was up to Mr G to decide if the policy was right for him. She also explained that the key features of the policy set out the risks, including that he could pay more in premiums.

Mr G disagreed. He said that he believes RBS operated a sales process based on providing the bare minimum of information and he never expected his premiums to exceed the sum assured to the extent that they could. He understands risk should be rewarded but says if he'd been told he could pay in excess of £10,000 in premiums he wouldn't have taken out the policy. He asked for an Ombudsman to review the complaint.

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 think the offer RBS has made is fair and I'll explain why.

I can see that Mr G completed his application for this policy in 2004, and the application confirms that RBS isn't giving any advice and directs Mr G to ensure he's read the key features document before submitting the application. So, I'm satisfied there was no responsibility for RBS to make sure this policy was suitable for Mr G, as it hadn't given him a personal recommendation based on his circumstances. However, it did need to provide information that was clear, fair and not misleading.

I've seen a copy of the relevant key features document. I think it's most likely that the document provided is the relevant document because it shows it's for the Over 50 Permanent Life Assurance Plan which is the same heading as Mr G's application form. At

the top of the key features document there is a heading titled "Risk Factors". The second bullet point under this heading says:

"If you live long enough the total premiums paid will eventually be greater than the amount payable on death."

So, I think RBS provided sufficient information to Mr G to make an informed decision. I note Mr G understood he may pay more in premiums, but not to the extent to £10,000. It's impossible to know when a life policy will need to be claimed upon, so I wouldn't expect RBS to have told him this specific information with figures, but I can see that it provided Mr G with enough information, including the premium, sum assured and risk factors, to be able to make a decision about whether he felt the policy was worthwhile.

RBS did send Mr G the wrong key features document when he complained. And I can see that this has made Mr G concerned that the information provided wasn't accurate. RBS has offered Mr G £100 compensation and I think that's fair for the confusion it caused by sending this. I'm persuaded that the key features that RBS sent the Financial Ombudsman is accurate and is what Mr G was directed to read prior to applying for the policy.

I understand Mr G will be disappointed with this decision, and I can see he's now been told that when he reaches age 90 no more premiums will be due. But, I can't say that RBS didn't provide sufficient information for Mr G to make an informed decision about taking out the policy. And I don't think there was a duty for RBS to give Mr G any advice or make sure it was suitable for his needs. So, I think the offer for £100 compensation is fair and reasonable.

My final decision

The Royal Bank of Scotland has made a fair offer to resolve this complaint. It must now pay Mr G £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 May 2022.

Charlotte Wilson
Ombudsman