

The complaint

Mr W's complaint is about a savings endowment policy he had with Sun Life Assurance Company of Canada (U.K.) Limited (SLAC). He is unhappy that he was unable to surrender the policy when he wanted to because the policy was still assigned to his former lender. Mr W has said this was because SLAC had not made him aware that a letter from his former lender, which was intended to reassign the policy to him, contained an error which meant that it was not valid.

What happened

It appears Mr W took out the savings endowment policy with SLAC in 1986 and later used it in combination with a mortgage endowment policy with SLAC as the repayment vehicle for his mortgage. Both of those policies were assigned to the mortgage lender. This meant that the policies could not be surrendered without the lender's permission.

In 1999 Mr W contacted what was by that point his former lender and asked it to provide confirmation that it no longer held an interest in his two SLAC policies. He provided the policy numbers (incorrectly in the case of the one subject to this complaint) and asked that a copy be sent to SLAC. The lender sent the requested letter, using the details that Mr W had provided. This meant that, while it correctly quoted the policy number for one of Mr W's policies, it missed a digit off the policy number for the one subject to this complaint. As such, the policy was not reassigned.

Mr W has told us that in late 2020 he telephoned SLAC to find out how much the policy was worth. As he was considering gifting its value to a relative and wanted to be able to access the funds quickly, he asked for surrender forms to be sent to him. He was informed at this point the policy was assigned to his former lender. Mr W reverted to the former lender to discuss the situation; he's told us he asked it to send another letter to SLAC confirming it had no interest in the policy. The lender confirmed in its correspondence with Mr W that he contacted it several times from October 2021, but there were issues with calls being disconnected. As such, the lender didn't send SLAC a reassignment letter until 16 May 2023.

It was not until 14 September 2022 that Mr W contacted SLAC again. He asked for surrender forms. The request was not actioned until 9 November 2022. SLAC also confirmed around that time the policy was still assigned to his former lender and explained what needed to happen in order for it to be able to pay a surrender value to him.

Mr W meant to complain to SLAC in October 2022 about the assignment issue on this policy. However, he unfortunately provided the policy number for his mortgage endowment policy. SLAC responded to that complaint, at which time Mr W provided it with the correct policy number so that it could investigate the correct complaint. It didn't do so immediately.

SLAC responded in its letter of 24 April 2023. It explained that the assignment had not been removed from the policy because the policy number on the letter from the lender had been incorrect. As such, it was unable to remove the assignment. SLAC didn't consider it had done anything wrong in this regard, although it accepted that it could have told Mr W that the

policy was still assigned earlier. As such, SLAC offered Mr W £50 for the inconvenience the matter had caused.

Mr W was not satisfied with SLAC's response and referred the complaint to this service. He explained that he had intended to surrender the policy to gift to a relative for a deposit for a property purchase. Due to the problems with the assignment, he had been unable to do so and the relative had been unable to benefit from various government schemes and suffered because property prices had risen, and so they were unable to go ahead with their purchase.

One of our Investigators consider the complaint. He considered that SLAC should have done more when the incorrect assignment was sent to it in 1999 and he recommended SLAC increase the compensation payment by £100 for the inconvenience Mr W was put to due to the poor service. However, the Investigator highlighted that Mr W had been aware of the issue in 2020, but he didn't appear to have arranged for the lender to send the necessary letter to SLAC at that time. Overall, he was not persuaded the problem had caused the consequential losses Mr W had claimed for.

SLAC accepted the Investigator's conclusions and paid the compensation.

Mr W didn't accept the Investigator's conclusions. He provided information about the relative's property purchase a timeline for events from the spring of 2023 and what he had done about surrendering the policy. The loss caused because the policy could not be surrendered when he first contacted SLAC was reiterated. Mr W also questioned whether the missing numerical digit from the policy number had been the issue that meant it was not reassigned, or the lack of the two letters at the front of the policy number that had been being used more recently. The Investigator confirmed it had been the numerical digit missing, rather than the later introduced letters, that had been the issue. Mr W highlighted that he hadn't been given an explanation by SLAC as to why the reassignment hadn't been done and indicated that had he been, the issue would have been sorted out sooner.

The Investigator wasn't persuaded to change his conclusions and Mr W asked that the complaint was referred to an Ombudsman.

I issued a provisional decision on 5 October 2023, in which I set out my conclusions and reasons for reaching them. Below is an excerpt.

'I would firstly explain that an assignment is a matter between a policyholder and the third-party they are assigning rights to, in this case Mr W's former lender. While the policy provider will make a note of assignments and reassignments on its records, it would not be for it to become involved in the arrangement between the assignee and assignor. This means that at the point Mr W's policy was meant to have been reassigned, it would not have been normal industry practice for a life company to investigate and try to sort out an error made by either of those parties.'

I can understand that Mr W would have liked SLAC to have looked for an alternative policy the reassignment could have been meant for and contacted him and/or the lender to investigate whether a mistake had been made and try to assist in correcting it. However, that is not something that would have been expected of SLAC at the time. Quite simply, it was Mr W and the lender's responsibility to ensure the right information about the agreement was provided to SLAC. If it was not, it was not SLAC's responsibility to remedy the situation. As such, I can't find that SLAC did anything wrong in 1999.'

Mr W has been uncertain about when he contacted SLAC about surrendering the policy for the first time – either late 2020 or 2021. Given the lender has detailed that the first attempted contact it can find from Mr W recently was in the spring of 2021, I can only conclude the first

contact with SLAC was in late 2020. He has confirmed that at that time he was told the policy was still assigned to the lender. As I've said above, it was a matter for Mr W and the lender to sort out between them and it would appear that he was aware of that, as the next action he took about the policy appears to have been to attempt to contact the lender. So I can't find that SLAC was responsible for any delay after that time in the policy being reassigned.

While it appears that there was a slight delay in Mr W being provided with the documentation he needed to surrender the policy in 2022 and being reminded that the policy was still assigned, I don't consider that delayed him being able to surrender. I say this as at that point Mr W had already been aware of this situation for almost two years, and a surrender could not go ahead until the policy was reassigned, which didn't happen until May 2023.

SLAC has offered Mr W £50 compensation because it didn't tell him the policy remained assigned earlier than it did. In the circumstances, I wouldn't award more in this regard and so I can only endorse the offer that was made.'

Mr W initially stated that he did not feel the situation had been fully understood, as it was hugely complex. Subsequently, Mr W stated that had SLAC informed him in 1999 that the assignment had not been removed, he could have rectified the situation at that time and none of the events that occurred in 2020/21 would have occurred. He commented that when he was trying to cash in the policy SLAC was unable to explain why the policy was still assigned. Mr W also said that from the time he found out about the assignment still being in place, he was in communication with the lender, but it took two years to get to the root of the problem.

Mr W went on to reiterate what he considered SLAC should have done in 1999 regarding searching for an alternative policy the incorrect policy number quoted could relate to and the contact he believes it should have made with him. As it didn't do these things, he maintained SLAC was responsible for financial losses, and he felt aggrieved that I had concluded the £50 compensation offered was adequate.

SLAC confirmed receipt of the provisional decision, but it made no comment on my conclusions.

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 have reviewed this file again in its entirety and I have revisited my provisional decision. Having done so, in light of there being no new evidence or comment from the parties, I have not been persuaded to change my conclusions.

I note what Mr W thinks SLAC could have done in 1999, which would have prevented him having to get the policy reassigned at the time he wanted to surrender it. When reviewing a complaint I take into account regulation, guidance, the law and good industry practice. As I explained in my provisional decision, what Mr W thinks should have happened is not something that would have been expected from a life assurance provider at that time. As such, I can't find SLAC did anything wrong in 1999.

My final decision

My decision is that I find the offer made by Sun Life Assurance of Canada (U.K.) Limited is appropriate in the circumstances and it should pay Mr W £50 in full and final settlement of the complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr W to accept or reject my decision before 7 December 2023.

Derry Baxter
Ombudsman