DRN-4494341

The complaint

Mr M complains that the savings plans sold to him by Sun Life Assurance Company of Canada (UK) Limited (SLOC) were missold.

Mr M's complaint has been brought by a third party on his behalf but to keep things simple, I'll refer to all correspondence as coming from Mr M.

What happened

In 1994 Mr M met with a representative of SLOC and after completion of a fact find detailing his circumstances, he took out an "Outlook for Savings" plan with a premium of £50 per month invested in three investment funds. The following year, in May 1995, Mr M met with the adviser again, and took out a "Financial Foundations" plan – a whole of life policy including life cover, critical illness cover and income protection insurance.

Mr M retained the policies paying the contributions monthly until he lapsed the whole of life policy in 2006, and surrendered the investment plan in 2009.

On 28 April 2023, Mr M complained to SLOC. He complained that the policies were not suitable for him and had been missold. He claimed that the investment policy was not in line with his attitude to risk, and that the life assurance policy was not suitable for him because he was single with no dependants.

On 27 June 2023, SLOC responded to the complaint. They did not uphold the complaint and outlined the reasons they believed that the policies were appropriate for Mr M at the time they were sold.

Mr M was unhappy with this, and forwarded his complaint to this service. The investigator agreed with the response provided by SLOC, and did not uphold the complaint. He identified that Mr M's circumstances were such that a long term investment plan represented a diversification of Mr M's investments, and that it was reasonable that Mr M would want to cover himself against long term illness, or worse, by taking out the whole of life policy.

Mr M agreed with the findings in relation to the investment plan, but did not agree that the whole of life policy was suitable for him at the time it was taken out due to him being single with no dependants. The case has therefore been referred to me for a final decision.

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.

Although Mr M's complaint initially included complaint points relating to both the Outlook for Savings plan and the Financial Foundations plan, Mr M has confirmed he is satisfied with the investigator's view in relation to the Outlook for Savings plan. I have therefore only considered the suitability of the Financial Foundations plan for Mr M in this final decision.

When considering whether it was appropriate for SLOC to have recommended that Mr M take out a whole of life policy with critical illness and income protection, I have considered the relevant rules and guidance in place at the time, alongside Mr M's circumstances and objectives. Having done so, I agree with the investigator's view and do not uphold Mr M's complaint, and broadly for the same reasons. I'll explain why.

In May 1995 when Mr M took out the Financial Foundations policy, he was aged 26 and employed as a solicitor. The documentation provided states that the plan was "designed primarily to provide financial protection in the event of death or disability. It also accumulates a cash fund from which the deductions would be taken." It confirmed that a large proportion of the contributions would be used to provide the chosen benefits, but should the policyholder cancel the plan, any remaining cash value would become payable to him.
The policy taken out by Mr M included a number of benefits;

- £50,000 life cover
- £100,000 critical illness with permanent total disability benefit included
- £938 per month income protection benefit becoming payable after three months of Mr M becoming incapacitated (this applied to age 60)
- Waiver of premium benefit to age 65.

The illustration stated that the plan could be continued indefinitely provided the contributions continued to be paid in line with any future plan reviews. It also included an indication of how much could be payable if Mr M cashed in the plan, which showed that the plan was primarily intended to provide the benefits listed above rather than being used as any sort of savings plan.

I have considered whether it was appropriate for Mr M to have taken out the policy as detailed above and am not persuaded that SLOC have acted unfairly in this.
Mr M was a young professional aged 26 and recorded as being single with no dependants. As such, it is generally considered that a life policy paying out on death would have been unlikely to be appropriate as he did not have anyone who would suffer financially in the event of his death.

However, having reviewed the policy details, it is clear that the policy taken out by Mr M included more than just life cover. The policy would pay £50,000 in the event of Mr M's death, or £100,000 in the event of him being diagnosed with a critical illness or becoming permanently totally disabled. It additionally provided an income in the event of Mr M becoming incapacitated and unable to work (commencing after three months).

The application form on file includes a "Reasons Why" section. It states "*Generally client has a well balanced portfolio however looking any form of protection. Have therefore recommended IPB/CIC and some life cover to cover income and outgoings and future responsibilities."*

I have considered whether it was reasonable for Mr M to be recommended to take out income protection and critical illness cover with life cover. I am satisfied that it was. Based on the information on file, Mr M did have a need for cover such as the income protection and critical illness cover, to ensure that his outgoings could be maintained in the event of him being unable to work.

The policy recommended did meet this need – it provided a lump sum in the event of diagnosis of a critical illness or an income in the event of long term inability to work. I acknowledge the fact that it may not usually be appropriate for a single man in his 20s to be recommended life cover, however in the type of policy taken out by Mr M, the cost of the life

cover typically represented an extremely low proportion of the cost of the policy (if anything at all) and can therefore be considered to be an ancillary benefit. I note that the premiums continued to be paid from 1995 until 2006 when Mr M ceased paying them and the policy lapsed.

Taking all of the above into account, I think it is fair to consider that the premiums were affordable and therefore conclude that the policy was appropriate for Mr M.

My final decision

For the reasons stated above I do not uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 April 2024.

Joanne Molloy
Ombudsman