

The complaint

Mr and Mrs D's complaint is about the administration of a mortgage endowment policy they have with Sun Life Assurance Company of Canada (U.K.) Limited. They are unhappy about Sun Life's administration of the policy following a new IT system being put in place in the autumn of 2021. This initially resulted in their policy premium not being collected, and them having to set up a standing order to ensure the premiums were paid on time. Subsequently it meant that they could not be provided with information they wanted about the policy. Mr and Mrs D explained that as the endowment is still linked to their mortgage, they found the situation very stressful.

What happened

In October 2021 the direct debit to pay Mr and Mrs D's premium was not collected by Sun Life. They contacted Sun Life and it was confirmed that a system glitch had caused the failure. Mr and Mrs D paid the missed premium and, because they were worried about it happening again, set up a standing order to pay the premiums going forward.

On 10 May 2022 Mr D called Sun Life to raise a complaint. He explained that they had asked for surrender and maturity values in February 2022, but nothing had been received and they'd not heard anything since. He explained that as they were relying on the policy to repay their mortgage, the lack of communication was becoming increasingly concerning.

Mr and Mrs D subsequently added additional information to provide Sun Life with context to their complaint. This included highlighting that the 2021 system glitch it had blamed the problems on had led to a lack of confidence in Sun Life and the policy's ability to repay their mortgage in 2024. In addition, they were unhappy that Sun Life failed to communicate the implications of the system glitch, for example the failure of the direct debit and the letter they were sent that they perceived as blaming them for the error.

Sun Life responded to the complaint in a letter dated 22 June 2023 in which it confirmed that it had encountered problems when it moved their policy to a new IT platform. This had resulted in it being unable to estimate the maturity value of the policy, but it now could do so and the information would be sent shortly. The current value of the policy was also provided. Sun Life apologised that its service had fallen short of what Mr and Mrs D could have expected. It offered them £100 for the trouble and upset they had been caused. Sun Life has provided no evidence the maturity value was sent to Mr and Mrs D at that time.

Mr and Mrs D rejected the offer from Sun Life as they had still not been provided with the information they wanted:

- A projected maturity value;
- Annual update letters for 2022 and 2023;
- Confirmation of the last payment due date; and
- Confirmation of whether the policy value they'd been given included a loyalty bonus.

Sun Life did not provide the additional information Mr and Mrs D asked for, and told them that it had answered their complaint in its letter of 22 June 2022 and its decision had not changed.

Mr and Mrs D were not satisfied with the response they received and referred their complaint to the Financial Ombudsman Service.

On 14 November 2023 Mr and Mrs D were sent two annual update letters for their policy telling them it was on track to repay their mortgage. Unfortunately, despite the letters being dated the same, they contained different projected maturity values at the same annual growth rates. Mr and Mrs D sent us copies of the letters and said they'd asked Sun Life questions, but it had not been able to answer them.

Subsequently, Sun Life confirmed the letter with the higher figures was the correct one for 2023 and the figures did not include the loyalty bonus, as it is not calculated until the end of the term. Mr and Mrs D also received an explanation of the two review letters – the one with the lower figures was the review as at 2022 and the higher one as at 2023. However, they told us the term 'MER' was used in relation to the 2022 figures, and they didn't understand what that meant.

One of our Investigators considered the complaint. He concluded the compensation Sun Life had offered Mr and Mrs D was insufficient and it should be increased to £250.

Mr and Mrs D didn't accept the Investigator's view. They said there remained outstanding information and while it was, they found it difficult to accept the matter had reached a conclusion. They listed the outstanding information and a new question that the response to this Service about the loyalty bonus had created.

The Investigator forwarded the questions to Sun Life. It provided responses and these were forwarded to Mr and Mrs D. He confirmed that he still considered the £250 compensation he had recommended was appropriate in the circumstances.

Mr and Mrs D thanked the Investigator for getting answers to their questions. However, they remained unhappy with the administration and communication from Sun Life. They said they were concerned that Sun Life would not calculate the value correctly when it reached maturity. As such, they asked that the complaint be referred to an Ombudsman unless Sun Life could fully answer their complaints and restore their confidence in it.

As agreement couldn't be reached, it was decided the complaint should be referred to an Ombudsman.

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.

Sun Life has explained that when policies, which included Mr and Mrs D's, were transferred to a new administration system things went wrong. This initially caused direct debits to cease being collected and later difficulties in providing information to policyholders. This can only be considered to be poor service, but unfortunately, it is not unusual for problems to occur when IT systems are upgraded. Businesses do what they can to avoid such things happening, but sometimes the problems can't be predicted or prevented. It is then for the business to fix the problems as soon as possible.

It appears that Mr and Mrs D have now been given all of the information about the policy they have asked for. While it's clear they are not happy with some of that information, in that the loyalty bonus has not been included in the maturity projections despite the previous provider having done so, they have the facts they asked for. However, the time it took to provide was not reasonable. Indeed, I note that when some of the information was asked for during the complaint, Sun Life simply declined to do anything more. This included information that would have been very easily provided, such as the last premium due date.

I note that Mr and Mrs D are not happy that Sun Life has not explained why its approach in relation to the loyalty bonus and projected maturity values differs from their recollection of the previous provider's approach. Sun Life has explained why it has taken the approach it has. Without knowing the previous provider's reasons for including the loyalty bonus in its projections, if that is what it did, it is simply not possible for Sun Life to provide the explanation they want. I don't consider Sun Life is at fault in this regard.

Mr and Mrs D have effectively asked that Sun Life take action so that they can have confidence that no further errors will occur. I can understand why they want this but given their comments and explanations during our investigation into their complaint, I am not persuaded that any assurances or information Sun Life could provide would give them back their confidence in it.

I can understand why the issues in obtaining information about their policy caused Mr and Mrs D so much frustration, especially given they were approaching the end of the term. As I have said above, I can also understand their concern there will be further problems when the policy matures. However, when I award compensation for upset and inconvenience, I can only consider what has actually happened, and not what might, or might not, happen in the future. Having considered the situation carefully, I am in agreement with our Investigator that an appropriate award of compensation would be £250.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I order Sun Life Assurance Company of Canada (U.K.) Limited to pay Mr and Mrs D compensation of £250, including the £100 it offered in its final response letter.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs D to accept or reject my decision before 15 March 2024.

Derry Baxter
Ombudsman