

## **The complaint**

Mr O is unhappy that Santander UK Plc mis-sold him a pension life cover plan, a life insurance policy ('the policy').

## **What happened**

Santander sold the policy to Mr O in around 1997 alongside a mortgage.

In 2023, the insurer of the policy wrote to Mr O to say that the policy was ending, and all life cover benefits provided by the policy would stop.

Mr O was unhappy because he says he was told, when taking out the policy, that he was also contributing to a pension scheme, and it was going to mature when he reached 60. He was hoping to get a lump sum payment on his 60<sup>th</sup> birthday. However, that wasn't right.

He complained to Santander. In its final response letter dated September 2023, Santander didn't uphold Mr O's complaint. It concluded that "the policy was suitable life assurance protection for your mortgage and there was nothing to indicate that it would also provide a fund for income in retirement".

Mr O then proceeded with his complaint to the Financial Ombudsman Service. Our investigator looked into what happened and recommended the complaint be upheld. He recommended Santander to refund the premiums Mr O paid for the policy along with 8% simple interest.

Santander disagreed so this complaint has been passed to me to consider everything afresh to decide.

## **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.

There's limited information in this case from the time of sale. Where there's incomplete and contradictory evidence, I've considered what most likely happened on the balance of probabilities.

This complaint is finely balanced. For the following reasons I've decided to uphold it on the individual circumstances of this case.

- In its final response letter, and also in response to our investigator's view, Santander makes reference to the policy being 'suitable' and he was given 'advice to cover his new mortgage need'. So, although Mr O has said in Santander's complaint questionnaire that he can't remember discussing the policy with a staff member before purchasing it, I'm satisfied on the balance of probabilities that Mr O was advised to take out the policy.

- What Mr O can remember about the sale is that he was told that the policy would pay a lump sum benefit on retirement. That's not reflected in the policy schedule. It sets out the guaranteed death benefit to be paid if Mr O died before the expiry date of the policy in 2023.
- However, the policy schedule does also contain 'special provisions' and says: "the policy is issued in connection with the scheme and is subject to the standard provisions of the pension life cover plan...Any sums due will be paid or applied in accordance with the Rules". I haven't been provided with a copy of the rules.
- I have been given a copy of the application form for the policy, signed by Mr O in 1997. Point 1 of the declaration says: "I hereby apply to join the...life personal pension scheme and to enter into a contract for the provisions of benefits under arrangements as set out herein..." He also signed a completed Inland Revenue Certificate of Eligibility, ticking boxes to say that he isn't currently in an employer pension scheme.
- So, whilst I have no way of knowing what was said at the meeting when the policy was sold and there are limited documents available from the point of sale, from what I have seen, I don't think it's unreasonable for Mr O to have been confused about the nature of the benefits of the policy at the time. Of course, that may have all been clarified verbally at the meeting or in other documents but based on what I've seen, I don't have enough to persuade me that it was.
- I think that's relevant in this case as I've considered whether Santander acted fairly and reasonably when advising Mr O to take out the policy.
- In his complaint questionnaire to Santander, he says at the time of taking out the mortgage and the policy being sold, he was widowed, didn't have any financial dependents e.g. children or other dependent relatives and had a life insurance policy (which included critical illness cover) which provided a £30,000 benefit. There's no documentation from the time setting out his circumstances (which isn't surprising given the length of time that's passed) but I have no reason to doubt what Mr O says about his circumstances at the time. I find Mr O's submissions on this point persuasive, and I accept them.
- I accept Santander's point that the policy benefit matched the mortgage amount being borrowed. It also says that had Mr O died there would be an outstanding debt on his property which could've been cleared when the policy benefit was paid to the estate and that "he may have expressed a wish at the point of sale to pass his home to a beneficial third-party debt free". That's of course possible. But without documentation from the time setting out his circumstances and these issues being discussed; I don't have enough to say that's what happened on the balance of probabilities. Given his age at the time, that he was paying around £20 per month for the policy, he had no financial dependents and his other circumstances, I don't think he had a particular need for the policy.
- Had he been given appropriate advice and had not been confused about the type of policy he was agreeing to, I don't think he would've agreed to take it.

### **Putting things right**

I direct Santander to refund to Mr O the monthly premiums he paid for the policy together with simple interest at a rate of 8% per year from the date on which premium was paid to the date on which the premiums are refunded.

If Santander considers it's required by HM Revenue & Customs to take off income tax from any interest paid, it should tell Mr O how much it's taken off. It should also give him a

certificate showing this if he asks for one. That way Mr O can reclaim the tax from HM Revenue & Customs, if appropriate.

### **My final decision**

I uphold this complaint and direct Santander UK Plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 11 July 2024.

David Curtis-Johnson  
**Ombudsman**