

The complaint

X complains about the maturity value of a life insurance plan they held with Sun Life Assurance Company of Canada (U.K.) Limited trading as Sun Life Financial of Canada.

What happened

X was unhappy with the amount they received when their life plan matured so complained to Sun Life.

Sun Life didn't uphold the complaint saying there had been cash withdrawals over the years which had a significant impact on the remaining value paid at maturity. They also explained that the main purpose of the plan was to pay a lump sum if X died before the age of 65.

Remaining unhappy X brought their complaint to our service where one of our Investigators looked into what happened. They looked into things and didn't see anything to suggest the maturity value was incorrect.

X said when they took out the plan it wasn't explained that it was predominantly for life cover and felt it had been mis-sold. Because of this they asked to be refunded the premiums they had paid minus the withdrawals and the maturity value.

Our Investigator considered what X said but still thought that no errors had been made. Because an agreement couldn't be reached the matter has come to me for a 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.

X has provided a lot of information about the complaint and it's clear how strongly they feel about what happened. I want to assure X that I've read and considered everything that has been provided even if I don't mention it in detail. I've summarised some of what happened which reflects the informal nature of our service.

X complained about the sale of the plan as well as the maturity value – these were two separate complaints which I think is right as they are two distinctly different events from different times.

Both of these issues were brought to our service by X however Sun Life didn't consent to us looking into the sale of the plan saying the complaint had been brought too late under the rules.

One of our Ombudsman looked into this and said *My decision is we only have jurisdiction to consider the complaint point about the value of the maturity proceeds of the policy. We can't consider the complaint about the mis-sale of the policy in 1987 as the complaint was brought too late.*

I feel it's important to make this clear because a lot of the complaint points raised by X are

related to the sale of the policy. So I'm not ignoring the complaint points about the sale, but they aren't something I can look into or comment on. This decision is solely about the maturity value.

Upon maturity X received an amount of just over £600 which was a lot less than they were expecting. It's clear to me how disappointing this amount was as X says they were counting on a larger amount for their retirement.

Since the plan was taken out X made withdrawals of over £20,000. When talking about taking cash out of the plan the product literature says *As a result both your contributions and the benefits may reduce in proportion to the proportion of the Account value withdrawn.* So whilst the ability to withdraw cash is a feature of the plan it means that the benefit, in this instance the maturity value, reduces.

The plan is designed to provide life cover and each month the cost of that cover is deducted, as the product literature explains .. *every month the cost, whatever it is, of maintaining your Account in the form you have chosen is calculated and a debt of units is made to cover it.* As the plan holder ages the cost of providing life cover increases so each month the number of units debited increases. It's possible that there is a tipping point where the cost of cover increases above the premiums being paid and so an extra amount required is debited from the balance of the investment.

Like any investment of this type there is not a guaranteed amount at maturity. And the performance is not guaranteed *Please remember that the value of units can go down as well as up and that past performance is not necessarily a guide to future performance.*

The combination of size of the withdrawals, the increasing cost of cover, and overall performance of the fund, all contribute to the maturity value X received.

I know X is disappointed by the amount they received however I've seen no evidence of any errors made by Sun Life when administering the plan or when calculating the maturity value.

After carefully considering everything that happened I'm satisfied Sun Life acted fairly and reasonably so I won't be asking them to take any further action.

My final decision

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 25 November 2024.

Warren Wilson
Ombudsman