

## The complaint

Mr A complains that Transport Friendly Society Limited mis-sold him a tax-exempt savings policy. His complaint is twofold: firstly, he says he was misled about the amount of bonus which would be paid upon maturity; and secondly, he says Transport Friendly failed to explain that the policy's final sum assured could be lower than his total contributions. These issues meant Mr A was disappointed with the maturity value paid to him in February 2024.

## What happened

Mr A took out a with-profits endowment savings policy with Transport Friendly, which began on 15 February 2014. The policy was promoted to Mr A through his employment in a particular industry. It had a ten-year term, and a weekly premium of £5.75, deducted via Mr A's salary. On maturity, Mr A received a return of £3,232.52 – which comprised his £2,242.50 sum assured, £568.39 of annual bonuses and a £421.63 terminal bonus. Mr A thereafter complained to Transport Friendly, as he did not receive the value he'd expected.

In March 2024, Transport Friendly rejected the complaint. It explained that Mr A had been provided with complete documentation setting out how his policy worked, including key features, a policy schedule and full terms and conditions. That documentation had clearly explained the sum assured for the policy was £2,242.50 – to which bonuses may be added both annually and upon maturity.

Transport Friendly said the policy had operated correctly and included medical benefits – these had represented fair value for money.

Mr A thereafter lodged his complaint with this service. He made some written submissions, noting:

- He was told at the time of the sale of the policy that annual bonuses of £60 to £80 per annum would be added.
- He was also informed that a terminal bonus would apply.
- However, he was told that these bonuses would be added to the total of his contributions – but Transport Friendly has instead added them to the lower sum assured.
- Given he has paid some £2,990 in premiums, he has only made less than £250 as a return for ten years.
- He questioned that this return wasn't right.
- The person that promoted the policy through his employment did not believe this was correct either.

One of our investigators reviewed the complaint, but he did not believe that it should be upheld. In summary, he was satisfied the maturity value paid to Mr A properly reflected the bonuses added to the basic sum assured – and this was in line with the policy terms. He also noted that though Mr A had mentioned what he was told at the time of the sale, advice had not been given to him by Transport Friendly.

Mr A disagreed with the findings issued by our investigator. He said that he wanted his

complaint to be passed to an ombudsman. In doing so, he made a number of further comments in writing. In summary, Mr A said:

- At no stage has he made a complaint about the policy's terms and conditions.
- His complaint is about what he was told concerning bonuses and the final maturity value by the salesperson he met in 2014.
- He never thought a savings plan could lose money.
- In effect, he has paid for his own bonuses – because his £2,990 of contributions exceeds the policy's £2,242 sum assured.
- He doesn't understand how his policy value can exceed the sum assured, such as in late 2022 when it was worth £2,700.

Transport Friendly did not make any further submissions but said it would await further review by an ombudsman. The complaint has now since been passed to me.

### **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 thank both parties for their considerable patience whilst this matter has awaited referral to an ombudsman, given the current demand for our service.

In reaching my decision, I will take into account relevant law and regulations, regulator's rules, guidance, standards and codes of practice, along with what I consider to have been good industry practice at the relevant time. I will also focus on the issues I believe to be central to the complaint. I do not intend that as a discourtesy to the parties. However, my role is to review the evidence presented by Mr A and Transport Friendly and reach what I think is an independent, fair, and reasonable decision based on the facts of the complaint.

We are not a court; and though there are rules I may rely on in respect of complaint handling procedures, I'm not required to comment on each point or make specific determinations on every submission put forward. As I set out above, I have looked at all the evidence from both parties to make my determination.

Having reviewed matters carefully, I've reached the same overall outcome as the investigator, and I'll summarise my reasons for that below.

I know Mr A has explained how assurances were given to him by the salesperson that promoted the policy to him. However, when he applied for the policy, Mr signed a declaration on his application form which said, "*no advice has been given to you by the Society*". The policy's key facts document also explained how, "*no advice will be given to you regarding this policy. It is your responsibility to ensure that the plan meets your needs. If advice is required, you should contact an Independent Financial Adviser*".

On the evidence I've seen, I am persuaded that this was a non-advised sale; what I mean by that is Transport Friendly did not provide any advice or recommendations to Mr A. Instead, it gave him information about the policy – which was promoted in his workplace by introducers. It was for Mr A to decide if he wished to proceed, based on the information given to him.

I believe that the information Transport Friendly gave Mr A about the policy – in the form of a policy brochure, key facts information and policy terms and conditions – was clear as to how the policy operated. The key facts information (explained in bold print on the first page) noted how Transport Friendly was required "*to give you this important information to help*

*you decide whether our savings plan is right for you. You should read this document carefully so that you understand what you are buying”.*

Nonetheless, I recognise Mr A now feels that the nature of the savings policy wasn't made clear to him in 2014. Mr A considers the payment at maturity of the sum assured (rather than a simple return of premiums) wasn't what he'd been led to expect. Though I appreciate Mr A's recollections, these are now set out with a degree of hindsight. And I need to look at the complaint based on the account of both parties as well as information from the time of the sale. Though Mr A has suggested he was told otherwise, have not seen any objective evidence that Transport Friendly agreed to return the total policy premiums to him, in addition to bonuses.

Contrastingly, the documentation explains how the only guaranteed return on the investment was the 'Guaranteed Sum Assured' of £2,242.50. This was because Mr A's premiums were not simply left on deposit to be returned to him at the end of the term. Rather, Transport Friendly explained how they were invested *“in a wide range of shares, government stocks (sometimes called gilts) and cash deposits... to maximise long-term growth while investing in a range of secure investments”*. In essence, there was a low risk taken using the invested premiums (beyond the guaranteed £2,242.50) with the aim of achieving an investment return. Whether the policy returned a greater sum upon maturity depended on the investment's performance, and the possible addition of bonuses.

At the time Mr A took out his endowment savings policy, it was a low-risk means of saving over a long term to potentially achieve better returns than those found in deposit-based bank accounts. With-profits policies had tended to provide good returns historically, and there was a reasonable expectation this would continue. The key facts information also sets out how the absolute guaranteed return was the sum assured, but *“what you will get back depends on how your investment grows”*.

For this reason, Transport Friendly provided an example of what a policyholder investing £5 per week could expect to receive upon maturity after ten years – giving examples of £2,370 with 2% average annual growth, £2,730 with 5% growth and £3,140 with 8% growth. It also set out a table of deductions for those years, giving examples should the policy be surrendered early. Though Mr A paid in the maximum contribution allowable of £5.75, I consider these illustrations were reasonable; they sufficiently explained the type of return (and maturity value) range that could apply to Mr A's investment – and in fact, the upper end of these projections was borne out in Mr A's case. An exact outcome couldn't have been known at the time of the sale, which is why they were presented as illustrative guidance only.

Notwithstanding that I do not believe Transport Friendly gave Mr A any advice, the bonuses Mr A's policy has received were nonetheless consistent with his expectations. It was for Transport Friendly to determine the level of bonuses applied to the policy, if at all, as the policy wording is clear that bonuses may or may not be paid. Mr A recalls being told that bonuses of around £60 (and up to £80) per year would be paid. I note that Mr A's policy – including the terminal bonus – returned an average of £99 per year in bonuses.

I also note that Mr A received written cancellation rights, should he have decided not to proceed with his policy. Overall, I consider Mr A was given clear, understandable information about the nature of the savings investment policy. I cannot agree that Transport Friendly misled him or otherwise unfairly induced him into taking out the policy. I therefore cannot uphold this complaint.

### **My final decision**

I realise my decision won't be what Mr A has hoped for. However, for the reasons I have

explained, I am not able to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 March 2025.

Jo Storey  
**Ombudsman**