

The complaint

Mrs C complains that Phoenix Life Limited mis-sold her a life insurance policy.

What happened

In 2000 Mrs C took out a life insurance policy via a broker. Phoenix Life is now responsible for the sale of the policy. She is unhappy that the term of the policy is longer than ten years and feels the policy was sold purely to generate commission.

Mrs C made a complaint to Phoenix Life Limited. Mrs C had made other complaints about the sale of the policy but they agreed to consider these two points as they'd not previously been investigated as part of previous complaints Mrs C had made.

Phoenix Life didn't think the policy had been mis-sold to Mrs C as they were satisfied the term of the policy was disclosed and that the policy hadn't been sold simply to generate commission. Phoenix Life did agree to pay Mrs C £150 compensation for delays in responding to her complaint. Mrs C referred her complaint to the Financial Ombudsman Service.

Our investigator looked into what happened and didn't uphold the complaint. He didn't think the Financial Ombudsman Service could consider several of the points Mrs C had raised. He thought the policy documentation made it clear at the point of sale that the policy would run for longer than 10 years. He also wasn't persuaded the policy was sold simply to generate commission. The investigator thought £150 compensation was fair for the delay in responding to Mrs C's complaint.

Mrs C didn't agree and asked an ombudsman to review her complaint. In summary, she said that the mis-sale of a different policy had been investigated, and upheld. And the advisor attended their home to say that particular policy wasn't performing well, before selling this policy to her. So, the complaint was referred to me to make 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.

I'm not upholding Mrs C's complaint as I'm not persuaded the term of the policy wasn't explained to her or that the policy was sold simply to generate commission. I'll explain why.

The term of the plan

I've looked at the letters Mrs C was sent by the advisor following the appointment to discuss the plan. It does say the plan will run for ten years and will initially cost £15 each month. However, the advisor goes on to say that the product was suitable because Mrs C wanted cover as long as she was supporting her family financially and she was aware the plan could run until her 75th birthday if needed. That's consistent with the information recorded in the 'fact find' document which records the details of Mrs C's financial goals and priorities. This document was signed by Mrs C to confirm she agreed the contents.

In any event I'm also satisfied that the other policy documentation available clearly references that the term of the policy was more than ten years. For example, the plan illustration and plan details' document confirm the term of cover is over 30 years.

Furthermore, Mrs C was also sent other documentation throughout the life of the policy which referenced the term of the policy. Mrs C made an enquiry about her policy in 2003 and was sent a copy of her policy schedule. That mentioned that the policy was renewable each year until the age of 75.

Taking all of the above into account I'm satisfied it's most likely Mrs C was aware at the point of sale, and throughout the life of the policy, that the terms was longer than 10 years.

Commission

Mrs C has said that the plan was sold simply to generate commission. I'm not persuaded that's most likely to be the case.

I can see that a detailed fact find was completed which considered Mrs C's financial needs in detail and that this was prompted by an existing plan not performing well. So, I'm satisfied there was a reason for the advisor to review Mrs C's circumstances.

Furthermore, the documentation from the sales process explained how much the advice would cost. It explained that the broker would receive £112 immediately and £1.46 in the second year and each year thereafter. I think it was therefore made sufficiently clear to Mrs C that commission would be paid and what the amount of commission was. The information shows the fact, and level, of commission was disclosed to Mrs C at the appropriate time to enable her to make an informed decision about whether to take out the policy, and the relevant costs in doing so. And Mrs C decided to proceed on this basis.

Compensation

Phoenix offered Mrs C compensation of £150 for delays in issuing a final response to this complaint. I don't think that Phoenix misled Mrs C about the term of the policy. And I'm not persuaded the policy was sold purely to generate commission, I think an award of £150 fairly reflects any distress caused to Mrs C by the impact of receiving a delayed response to her complaint from Phoenix. If Phoenix hasn't yet paid Mrs C this amount though, it should now do so.

My final decision

For the reasons I've given above, my final decision is that Phoenix Life Limited has treated Mrs C fairly and that it must pay her £150 compensation if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 8 January 2025.

Anna Wilshaw
Ombudsman