DRN-4983989

The complaint

Mr S complains that Countrywide Assured Plc ("Countrywide") gave him unsuitable advice to invest in a savings programme policy.

Mr S is being represented by a claims management company in the complaint, but for ease of reference, I shall refer to Mr S only throughout my decision.

What happened

Mr S took out a savings programme policy ("the policy") in October 1989. Countrywide completed a client fact file with Mr S in August 1989 which recorded his circumstances at the time as follows:

- He was aged 27, employed and single.
- He was looking to save an additional £25 per month alongside his existing savings policy.
- No details around his attitude to risk ("ATR") or financial circumstances was recorded.

Following Countrywide's advice, Mr S took out the policy with a monthly contribution of £25 per month. He was invested in the 100% SIP Managed fund and the policy had a life assurance benefit of £832.30 or the investment benefit, if greater. £2.50 of the £25 each month was taken as contributions for the life assurance benefit and was payable up until and including 25 September 2026.

A client review was conducted in February 1996 and the documentation from then suggests Mr S took out the policy in the hope of receiving a lump sum of money in the future. Mr S also confirmed in the review that Countrywide had asked him about his personal circumstances and objectives before giving the advice, but it hadn't explained the reason for advising the policy.

Mr S encashed his policy in July 1998 for a total of £3,058.20.

Mr S complained to Countrywide in August 2023 as he felt it had provided him unsuitable advice. In summary, he said:

- There was no need for him to have a savings policy for such a long-term – maturing on his 65th birthday.
- He was single with no dependents at the time and so life cover wasn't required.
- He acknowledged that the life cover enabled the policy to be qualifying for tax purposes but the charges for this outweighed the benefit.

Countrywide considered Mr S's complaint but didn't uphold it. In summary, it said:

- It acknowledged that the policy was a long-term plan and that it's likely Mr S's circumstances were going to change over the years, but it didn't think this was enough to suggest that the policy was mis-sold.

- If Mr S's circumstances had changed and meant he could no longer afford the policy, then he could have stopped making contributions or withdrawn his savings. So it didn't agree that the policy wasn't flexible enough for him.
- The policy was not due to mature on Mr S's 65th birthday and he could continue making contributions until he reached the age of 65 and then leave them invested until he was ready to draw on them.
- The programme schedule clearly shows that policy included life cover and the cost of this would have been minimal and retained the policy's qualifying status.
- Mr S invested in four different funds over this (and another) policy, which would indicate a client who may have preferred unit linked savings for a small amount of his regular income.

Mr S didn't agree with Countrywide's findings and so he referred his complaint to this service for an independent review.

One of our investigators considered the complaint but didn't think the advice for provided was unsuitable.

Mr S didn't accept the investigator's findings. In summary, they said:

- To have any meaningful possibility of securing a genuine gain, the policy should ideally have been kept for a period of 25 years and the policy would have had no value for approximately the first 18 months.
- The return he received was poor in comparison to a Tax-exempt Special Savings Account ("TESSA"), without risk to his investment.

As Mr S remained unhappy, the complaint has been passed to me 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.

Having done so, I agree with the investigator's conclusion for much the same reasons.

On the face of the evidence, and on balance, I'm unable to safely say that the recommendation for Mr S was unsuitable in the circumstances.

I appreciate the regulatory rules from that period required financial advisers to exercise reasonable care and skill to "know your customer" and to give recommendations that were suitable for the client's circumstances. At that time, many advisers may not have completed 'fact finds', and reason-why letters weren't obligatory until 1995. Despite this I note the business did in fact complete a client fact file which has been of some assistance.

Nevertheless, given the passage of time, I'm not surprised that there isn't more detailed information available from the point of sale from some 36 years ago. Therefore, it's understandable that there may not be documentation to specifically show what was said or discussed. Furthermore, financial businesses aren't required to retain information indefinitely, therefore I can't blame Countrywide for not being able to provide more information about what was and wasn't said at the time. Like the investigator I don't think this is a reason to uphold the complaint.

I've seen nothing to suggest that Mr S was against saving for the longer term or that he specifically wanted a short/medium-term plan. I note that Mr S was looking to save an additional £25 per month alongside his existing savings policy but no specific reason was given for wanting to save. As such, I don't think a plan which enabled him to affordably save for longer-term financial goals was unsuitable in the circumstances. Or that it would, given the monthly contributions, stop him from pursuing any other goals in the interim.

I'm aware of the general position regarding a young single person taking out a long-term plan. However, in this instance I'm mindful that Mr S was single at the time, with no financial dependents. And unless his circumstances were to change – there was nothing to suggest that they would soon – I don't think a plan that allowed him to put a little money away (potentially) until the age of 65 was unsuitable.

Like the investigator, I've also seen nothing to suggest that Mr S was risk averse, or that he wasn't willing to take some risk in order to achieve her objective for growth. Whilst I have not seen an attitude to risk questionnaire for the investment central to this complaint, I have seen his previous application form for his investment in October 1987, which I believe was also part of Mr S's original complaint but subsequently removed. It confirms that he was invested in three risk-based funds. Whilst this does not confirm his attitude to risk, it does evidence that he did have some previous investment experience before making his investment in October 1989.

I note that Mr S continued to hold the plan for nine years until he surrendered it in July 1998 for a gain of just over £1,000. It's not entirely clear why he surrendered the policy as the request from him to do so is silent on the reason. I note Mr S was contributing around £25 per month but I'm unable to say that affordability was even an issue. As such, I'm not persuaded the plan was a surrendered because it was inappropriate. There are any number of reasons why Mr S might have surrendered the policy. I'm mindful the documentation made clear this was a long-term policy. Regardless, at the point of sale, I don't think the adviser could have anticipated Mr S surrendering this policy after nine years and in my view, surrendering the plan when he did, and complaining 25 years after, doesn't in my mind suggest he was dissatisfied with the product.

I also appreciate that Mr S says he could have earned more money by investing in a TESSA, however, I'm not persuaded that this renders Countrywide's advice as unsuitable.

Given Mr S's personal circumstances at the time – I'm mindful that he was in his early twenties, single and with no financial dependants – arguably there wasn't a need for life cover. However, savings plans aren't inherently unsuitable just because they combine life cover with longer-term savings and their suitability will usually depend on the circumstances of each individual case. On the face of the evidence, and on balance, in this instance I don't think the inclusion of life cover rendered the recommendation unsuitable, notwithstanding Mr S's circumstances. I note that minimum life cover was included for qualifying tax purposes so that Mr S's gains wouldn't be subject to tax. So, in this instance, I can't safely say that the inclusion of life cover was unsuitable given the potential tax benefit.

I appreciate Mr S will be very disappointed that I've reached the same conclusion as the investigator. But in the circumstances, I'm unable to uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 17 June 2025.

Ben Waites
Ombudsman