

## **The complaint**

Mr and Mrs D's complaint relates to a mortgage endowment policy they took out in 1985. They believe that the maturity value was not paid out and they are unhappy that Phoenix Life Limited, which bought the original product provider's mortgage endowment portfolio, has said it can't find any record of the policy. Mr and Mrs D do not consider it is acceptable for Phoenix to deny all knowledge of the policy.

## **What happened**

Mr and Mrs D took out a mortgage endowment policy in 1985 with Sun Alliance and London Assurance Company Limited. It had a term of 25 years and was a traditional with-profits policy, with a basic sum assured of £10,890 to which bonuses would be added throughout the term. The policy provided life cover of £30,000 and that was its target maturity value too, but the maturity value was not guaranteed. The policy was arranged as a repayment vehicle for the joint mortgage Mr and Mrs D took out at the time.

After the policy was arranged, the provider merged with another life assurance company and the policy was transferred to the new life assurance company that the merger created. Subsequently, the investment portfolio, including mortgage endowment policies, of that life assurance company was transferred to Phoenix in 2011.

Mr and Mrs D have told us that their original mortgage was redeemed in 1993 and they recall transferring the endowment policy to their new mortgage as the repayment vehicle for part of it. They've said that they were told the policy would be assigned to the mortgage and when it matured it would pay off the bulk of their new interest-only mortgage. The remainder of the mortgage would be repaid from their pensions in 2023. They contacted Phoenix at the end of the mortgage term in 2023, as their mortgage lender said that it was unable to secure the maturity proceeds as it didn't have the necessary details of the policy. Mr and Mrs D have confirmed they had to use more of their pension lump sums to pay off the mortgage than had originally been anticipated. However, when they contacted Phoenix about the policy in 2023, it denied the existence of the policy. Mr and Mrs D complained about this response in January 2024.

Phoenix responded to the complaint in a letter of 8 February 2024. It said that the policy was part of Royal Sun Alliance and unconnected to Phoenix Life Limited. As such, it did not uphold the complaint.

Subsequently, Phoenix reopened the complaint and issued a new response on 26 February 2024. This was because it had not addressed a complaint about delays Mr and Mrs D had experienced when making their enquiries. It upheld that part of the complaint and paid them £200 compensation for the poor service they experienced. This offer was increased to £250 in April 2024 due to Mr and Mrs D not receiving the payment.

Mr and Mrs D were not satisfied with Phoenix's response regarding the existence of their policy and asked this Service to consider their complaint. When we informed Phoenix that the complaint had been received, it reiterated that it was unable to locate the policy on its records and did not believe it had been transferred to Phoenix. It also confirmed that had the

proceeds of the policy not been paid out in 2010, there would have been a record of it. It also provided us with details of the searches it conducted to try and locate the policy:

- The policy number
- Surname and postcodes (for Mr D's address at the time of application and current address)
- Surnames for Mrs D (maiden and married) and her date of birth
- Surname and date of birth for Mr D
- Surnames and National Insurance numbers

The only policy Phoenix was able to locate was a pension policy for Mr D that had been transferred to another provider.

One of our Investigators considered the complaint, but she didn't recommend that it be upheld. She was satisfied that Phoenix had completed reasonable searches and it had been unable to locate any record of the policy. As there was no clear evidence that the proceeds of the policy had not been paid out and were held by Phoenix, the Investigator said that she could not reasonably ask Phoenix to make any payment to them.

Mr and Mrs D didn't accept the Investigator's conclusions. They said that Phoenix had at one point told them that a policy existed with a very similar policy number, but that it was in another customer's name, and it would not discuss the policy with them. In addition, Mr and Mrs D commented on the searches that were completed, as their original property postcode was not used.

Phoenix completed further searches at our request and confirmed that it did not have records of a policy with the similar number Mr and Mrs D had mentioned. Nor did using the alternative postcode Mr and Mrs D had provided result in any policies being found. This was confirmed to Mr and Mrs D.

As agreement could not be reached, it was decided that the complaint should be referred to an Ombudsman for consideration.

### **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 have noted that Mr and Mrs D believe that their policy was assigned to their mortgage lender. That is likely in relation to the first mortgage lender in 1985, but it would not have been the case with the second lender by the time the policy matured in 2010. I say this as mainstream lenders, including Mr and Mrs D's 1993 lender, stopped assigning policies to mortgages in the early to mid-1990s. Thereafter, they reassigned any already assigned back to the policyholders and gave them the policy documents. As such, if Mr and Mrs D's policy was assigned to their lender in 1993, it would have been reassigned to them within a few years and long before it matured in 2010.

I would also confirm that a financial services business is not required to keep records forever. It is required to keep records for at least six years after the end of a contract, but not beyond that. Indeed, legislation relating to such matters discourages businesses from keeping records any longer than absolutely necessary. So if the policy ceased to have a value more than six years before Mr and Mrs D's enquiries, it is entirely understandable that Phoenix has no records of the policy.

I have looked at the searches Phoenix conducted, and it did what I would have expected it to do. None of those searches resulted in any record of an endowment policy in their names. I can't ask it to do more.

Mr and Mrs D have said that they have evidenced a policy existed, and as they are not aware of any money being paid out, Phoenix must be responsible for paying out the maturity value. However, it is possible that the policy lapsed without value due to premiums stopping. Alternatively, the policy may have been surrendered, which happened with a very large number of policies following the endowment reviews of the early 2000s, or the maturity value was paid to Mr and Mrs D, but due to the passage of time they've forgotten what happened.

In order to uphold a complaint, I need to be persuaded that a financial business did something wrong. I know that this will come as a disappointment to Mr and Mrs D, but without any supporting evidence of anything beyond the existence of the policy in 1985, I can't find that Phoenix did anything wrong. As such, I can't uphold this complaint or ask Phoenix to take any further action.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs D to accept or reject my decision before 6 June 2025.

Derry Baxter  
**Ombudsman**