

## **complaint**

Mr B complains that National Westminster Bank Plc mis-sold him a term assurance policy and led him to believe that the policy was a condition of his business loan.

In making his complaint, Mr B is represented by a claims management company.

## **background**

In 2007, Mr B applied for a business loan with NatWest. NatWest's advisor recommended that he should take out a decreasing term assurance policy to protect the loan.

In 2014, Mr B's representative complained about the advice he'd been given. It said he hadn't been given all the facts about the policy and wasn't told he didn't have to take it out when applying for his business loan. His ability to afford the policy premiums over the term wasn't looked at and he wasn't told his premiums would increase.

NatWest said the policy matched the amount and term of Mr B's business loan, and he had a need for this type of cover as he was the sole income provider for his family. Mr B could've chosen to apply for a business loan elsewhere if he wasn't happy with the terms NatWest offered him. It said the monthly premium for the policy was to be the same through its term – there wasn't a planned review of the premiums.

Our adjudicator didn't think Mr B's complaint should be upheld. She thought the decreasing term assurance policy was a suitable recommendation for Mr B's circumstances and needs at the time. She said Mr B was given enough information to understand the nature of the policy, how long it would cover him for and how much it would cost.

Mr B's representative didn't accept the adjudicator's findings and asked for the complaint to be reviewed by an ombudsman.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr B was taking out a significant financial commitment in his business loan. He was the director of his own business and wanted to restructure the business' borrowings over a term that took him to his planned retirement age.

Looking at his particular circumstances at the time, I think it was a reasonable recommendation for him to look to make sure the business loan could be repaid in event of his death.

It isn't clear whether having the policy was a specific requirement of the business lending. NatWest has said this would have been down to the business manager dealing with the application and may have depended on factors such as the amount of the loan. It's a matter for NatWest to decide what conditions it may apply when considering lending to a customer. Mr B could've looked elsewhere for his business loan if he didn't want to accept what NatWest was willing to offer him.

Mr B's business loan had a term that co-incided with his planned retirement age. The recommended life cover matched the loan amount over the same term. So he still planned to be working while the loan and cover were in place.

There weren't any premiums reviews planned for Mr B's type of decreasing term assurance policy. The amount of the monthly premium and length of the policy were set from the start, so Mr B would have known how long he would need to continue paying the premiums for.

Overall, I think that Mr B's policy was a suitable way of protecting his ability to repay his business loan and he was given enough information to understand how it worked.

### **my final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 November 2015.

Cathy Bovan  
**ombudsman**