

complaint

Mr and Mrs Y complain about the performance of their Phoenix Life Limited mortgage endowment. They say their policy matured with a shortfall and they think Phoenix Life may have mismanaged their endowment.

Mr Y has managed the complaint.

background

In 1989 Mr and Mrs Y were sold a mortgage endowment policy by a broker. The policy had a target value of £70,000. It was intended to repay an interest only mortgage for the same amount after 25 years.

In 2011 Mr Y complained to Phoenix about the sale of the policy. Phoenix explained that Mr and Mrs Y would need to make a complaint about a mis-sale to the broker who sold them their policy.

In June 2014 Mr and Mrs Y complained to Phoenix about their policy's performance. Phoenix issued a final response to Mr and Mrs Y, not upholding their complaint. In August 2014 Mr and Mrs Y's policy matured for around £40,000. Later in August 2014 Mr Y brought his complaint about the policy's performance to us.

In 2015 Phoenix objected to us looking into the complaint saying it had been brought out of time. It thought Mr and Mrs Y had taken more than six months to pursue their complaint after its final response. Our adjudicator explained Mr Y had called us within six months of the final response so he thought we could look at this complaint. But he didn't consider the complaint should be upheld as he didn't think there was any evidence that Phoenix had mismanaged Mr and Mrs Y's policy.

Mr and Mrs Y disagreed. They asked for an ombudsman to review their complaint.

my findings

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

has this complaint been brought in time?

I agree that this complaint is something that we can look at. I can see why Phoenix thought this complaint might've been brought too late. Although Mr Y had referred the complaint to us in August 2014, it wasn't until months later that we had the information needed to start looking into the complaint. This meant it was more than six months before Phoenix was contacted by us. But I'm satisfied that Mr Y did bring his complaint to us in time.

performance complaint

Mr and Mrs Y's endowment matured for around £30,000 less than hoped. The shortfall is significant and I can completely understand Mr and Mrs Y's strength of feeling on the matter.

There are probably a number of factors that led to Mr and Mrs Y's policy maturing with a shortfall. Such factors may include fund management decisions and professional judgement – as well as wider economic factors that are beyond the control of Phoenix. It's incredibly hard for me to assess what exactly happened with Mr and Mrs Y's policy's performance. Such policies are not transparent and it is difficult to see exactly where performance has fallen short. But, in any event, Phoenix is able to use its commercial judgement to make decisions when managing investment funds. Mr and Mrs Y say they suspect mismanagement by Phoenix but I've not seen any evidence that confirms their suspicions.

In 2011 Mr and Mrs Y complained to Phoenix about the mis-sale of their endowment. It's likely that by this date they'd had warning letters from Phoenix about the performance of their policy for a number of years. Mr and Mrs Y chose to keep their endowment running. One of the risks of doing so was that the policy might continue to not perform as well as they hoped. No evidence has been provided that Phoenix guaranteed to Mr and Mrs Y that the policy would meet its target value at maturity.

I know my decision will come as a disappointment to Mr and Mrs Y. However, I don't think I can safely conclude that Phoenix made a mistake with the management of their policy and that this is what caused the shortfall in their policy's maturity value.

my final decision

My final decision is that I don't uphold this complaint against Phoenix Life Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs Y to accept or reject my decision before 25 January 2016.

Emma Peters
ombudsman