## complaint

Zurich Assurance Ltd advised Mr B to take out a pension which only provided life cover in 1990. This type of plan is called pension term assurance. Mr B complained that:

- his premiums and the sum assured have increased over the years.
- the original sum assured of £40,000 should still be paid in the event of his death after the selected "retirement" age of the plan.

It later advised him to make regular payments into a new plan to provide pension benefits in 1998. Mr B asked why:

- he wasn't advised to start these payments in 1990 at the same time as the life cover.
- they couldn't be paid into the same plan, given that it was a "pension".

I've only mentioned Mr B's points of complaint above that haven't been looked at by an ombudsman scheme before.

## background

One of our adjudicators has looked into Mr B's complaints. She explained that some of the matters Mr B was raising had been referred to this service or the Pensions Ombudsman before. So she explained it wouldn't be right for us to comment on those issues again. On the issues Mr B raised that weren't related to his past complaints, she reached this view:

*term assurance policy*

- The increase in Mr B's premiums wasn't directly related to the increase in the sum assured. Each premium attracted a plan charge which was 'indexed' from the point of sale. So the premium had gradually increased from about £23 to £27 per month.

- Over the same period, Zurich carried out reviews of how much life cover the premiums could support based on its underwriting criteria. The reviews were favourable causing the sum assured to increase from £40,000 to about £213,000. It was open to Mr B to limit these increases by reducing the premium he wanted to pay.

- He could still do this at his "retirement" age. Mr B said Zurich recalculated the new premiums that would be payable; and he found them too expensive. But if he only required £40,000 he was able to ask Zurich to provide him a quote for continuing only that amount of cover. To help him make his choice Zurich had written with details of the cost per £10,000 of cover.

*personal pension*

- Mr B held a plan providing pension benefits with another firm in 1990, so the Zurich adviser may not have thought it was right to sell him a new plan. But he'd stopped paying into that plan by 1992, meaning his situation by the time Zurich sold the pension in 1998 was different.

- Mr B couldn't add his pension contributions from 1998 to the same term assurance plan, because Zurich had stopped writing new business under this version of the product. This was a decision Zurich was free to make.

Mr B made a number of separate submissions in reply to the adjudicator's view. In brief they were:

*Letter one* enclosed some documents comparing Mr B's plans with his wife's plans.

*Letter two* concerned a new complaint Mr B wished to make about the outcome of a past business review into his pension pay-out. Zurich had just announced this mid-way through our investigation. He's disputed the amount of interest offered and asked why he hadn't been offered the option of a trivial lump sum instead of a pension.

*Letter three* also compared Mr B's pension and his wife's plans.

In response to these letters the adjudicator reminded Mr B that he'd need to contact Zurich with any concerns he has about the payment of benefits from his pension. It wasn't the matter he referred to us; and which we'd been considering.

Mr B made further submissions about his wife's plans; comparing the outcome with his own plans. He then provided details of his endowment plans for comparison. He said that this indicated he could have a life policy with an investment value.

As agreement couldn't be reached, the matter was passed to me for a final decision.

**my findings**

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

*the previous complaints*

Many of the points Mr B has made relate to matters that have either been excluded by this service before; or that have been looked at by the Pensions Ombudsman. It's unusual for both these organisations to look at complaints about the same plans. So I'm sorry that this is likely to have become confusing for Mr B.

In brief, my colleague Adrian Hudson informed Mr B in 2011 that we were unable to look at a complaint about the mis-sale of the term assurance plan from 1990. The reason was that Mr B had missed the time limits for referring it to us.

Mr B then asked for the same matter to be looked at by the Pensions Ombudsman. He added a complaint about his pension, including the way it has performed. That scheme's remit is to look at matters about the *administration* of pension plans, rather than the selling of the products themselves. So it has addressed any questions of maladministration of Mr B's plans. Some of those administration issues would have otherwise also fallen under the jurisdiction of our service.

I accept this means that there are some questions, particularly about the sale of Mr B's pension, that Mr B has yet to have addressed. But also, it isn't my role to comment on matters that have been addressed by a comparable body to our service. Our rules allow me to dismiss any complaint whose subject matter has already been considered by another dispute resolution scheme. So where appropriate I will be doing this here.

I've looked carefully at the matters the Pensions Ombudsman has considered; and taken into account what was previously excluded under the Financial Ombudsman Service. So to manage Mr B's expectations, in brief I won't be able to comment any further on points about, or relating to:

- The suitability of the term assurance plan for his circumstances;
- The cost of life cover being too high under that plan;
- Zurich's failure to collect the last premium due under the term assurance plan.
- The performance of his pension (including its performance relative to other plans);
- His mistaken impression that the term assurance plan was a pension, leading him to cease payments to the other provider's plan;
- The non-receipt of annual statements.

*new complaints about the term assurance policy*

I've reached the same conclusions on the points Mr B has raised; and essentially for the same reasons.

Mr B didn't apply to take out life cover that had a predetermined annual increase built into it. And that isn't the reason why the premiums increased. I agree with the explanation (summarised above) of what's happened. Mr B's plan was given a number of favourable reviews by Zurich which resulted in the available level of life cover some 18 years later being many times higher than he'd first applied for.

I think that Mr B could reasonably have taken the opportunity to reduce his premium level if the new amount of life cover was higher than he needed. And he didn't have to keep the cover at £213,000 when he reached retirement age. It didn't have to stay in force at all. Or he could have asked to reduce it to any level based on the cost per £10,000 he was quoted.

*new complaints about the personal pension*

When the term assurance plan was set up in 1990, Mr B had an existing pension. So I agree it's likely this was the reason a further plan wasn't recommended at that time. The Zurich adviser wouldn't have been able to ensure any advice for extra pension provision would have been suitable, if Mr B was making enough payments into a different plan.

Mr B's situation had changed by 1998, explaining why the new pension was then sold. I see no reason to doubt Zurich's explanation that it no longer wrote new business for his type of term assurance plan. Firms change their product ranges from time to time, including how they are priced. I think it's a matter for their commercial judgement. I have no power to compel them to accept business into a plan that's no longer marketed.

I realise Mr B has written at length and I've carefully looked at those points which it's appropriate for me to consider. I haven't found grounds on which I could uphold Mr B's complaints based on the points above.

I'm also aware that Mr B wishes to dispute Zurich's communications with him about the benefits he's taken from his pension. This wasn't the matter Mr B referred to us; in fact it only came up relatively recently. Before we can look at a complaint, if needed, the business responsible has to be given the opportunity to put matters right. Mr B may want to raise his concerns about the benefits from the pension with Zurich directly, if he hasn't done so.

**my final decision**

I do not uphold Mr B's complaint and make no award.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 28 September 2015.

Gideon Moore
**ombudsman**