

## **complaint**

Ms L is unhappy with the term assurance policy that was sold to her by Abbey Life Assurance Company Limited.

## **Background**

In 1998, Ms L took out a term assurance policy that covered her for 15 years and would've paid out £100,000 if she died or had a terminal illness. This was later amended – to cover her for 22 years.

Ms L is unhappy with her term assurance. She said she paid into the policy for 20 years and thought it would pay out at the end – if she had known it didn't, she would've cancelled it sooner. She also thought she was covered for an incurable illness, which she has – but she now understands that's not the case.

Abbey Life replied to Ms L's concerns and said that her policy illustration, which would've been given when she took out the policy, clearly shows there was no cash in value. It added that in March 2009, further to a call from Ms L, it confirmed again that there was no cash in value.

Our investigator thought that Abbey Life had acted fairly. Ms L disagreed, so the complaint has been passed to me to make a decision.

## **my findings**

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

Abbey Life has provided some of their records from when Ms L took out the policy in 1998. Of particular note is the "*Planning Your Future Recommendation Report*", addressed to Ms L. This said that she chose to take out term assurance for 15 years, because she needed temporary life assurance. It also stated that she'd been made aware that the plan will never acquire a cash value.

Abbey Life has also given us a record of a request to change the policy, signed by Ms L – to cover her for 22 years, instead of 15 years. With this, there's a term assurance illustration that was prepared for Ms L that said "*WARNING – this plan has no cash-in value at any time*".

I've also seen a letter addressed to Ms L from 2009, which references an earlier phone call. This said "*Surrender value Not Applicable*".

So taking this all into account, I think Abbey Life made it clear to Ms L that she wouldn't get a pay-out if she surrendered the policy. That's typical for life assurance policies that cover you for a certain period of time – which are often recommended for those with dependents, as I note was the case here. Whole-of-life policies (so those that pay out no matter when you die) can have a cash-in value if you surrender the policy early – but they're usually more expensive, and often the benefit you'd get and the premiums you'd pay aren't guaranteed.

Ms L says she thought her policy covered her if she had an incurable illness. I've reviewed the documents from the time – so the "*Planning Your Future Recommendation Report*" and

the Key Features and Policy Conditions. And these didn't give the expectation that she'd be covered for an incurable illness. Similarly, there's no suggestion of this in any of the documents from later years. Ms L's policy did cover her upon diagnosis of a *terminal illness* where she'd less than twelve months to live.

I know this means a lot to Ms L, and that she strongly feels she should get back what she's paid. But I could only ask Abbey Life to put things right if I was satisfied it had done something wrong. And for the reasons I've explained, I'm not persuaded that's the case here.

**my final decision**

For the reasons I've explained, I don't uphold Ms L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 15 March 2019.

Emma Szkolar  
**ombudsman**