

complaint

Mrs H complains that a life assurance policy with critical illness benefit was mis-sold to her by Phoenix Life Limited.

background

Mrs H and her husband were granted a mortgage in 2001 and they also took out a life assurance policy with critical illness benefit. The policy lapsed due to non-payment of premiums in 2012 and Mrs H complained to Phoenix Life in 2013 that the policy had been mis-sold to them. She was not satisfied with its response so complained to this service.

The adjudicator did not recommend that this complaint should be upheld. He concluded that there was not enough evidence to show that the policy was compulsory and that the advice given to Mrs H was suitable.

Mrs H says that the policy was clearly mis-sold to her and that she wants her complaint to be considered by an ombudsman.

my findings

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

Mrs H was written to in February 2001 by Phoenix Life's representative. That letter said:

"I have recommended you seek further advice about making arrangements to protect your mortgage and ancillary payments in the event of accident, sickness and involuntary unemployment. You have agreed to follow this recommendation. I have recommended Decreasing Term Assurance because you need a policy that is designed to repay the balance of your outstanding Capital & Interest loan. This cash sum will be paid in the event of your death within the specified term of 25 years. In addition, you would like a plan that, for the payment of an additional premium, will pay off the balance of your mortgage if you are diagnosed as having a critical illness during the term of the policy. In addition, you would like a plan that will pay off the balance of your mortgage if you are diagnosed as having a terminal illness during the term of the policy.

You have selected Decreasing Term Assurance (rather than Level Term) because you want to provide a cash sum to repay the Capital & Interest loan for a specific number of years on a cost effective basis. You understand that this means the level of life cover provided will decrease every year until the end of the term selected. I have recommended a term of 25 years to coincide with the term of your mortgage. I have recommended that this policy be arranged on a joint life basis because you need to protect both your lives. This means that your dependants will receive a cash sum in the event of either of your deaths".

In February 2001, Mrs H and her husband signed a proposal form for a decreasing term assurance policy with critical illness cover. Immediately above her signature it says:

"I hereby apply for a policy on the terms and subject to the conditions contained in the Company's standard form of policy ... I have read the declaration and important notes in respect of the proposal".

She has also signed the form to consent to a medical report being obtained and to authorise the direct debit for the premiums.

I am not persuaded that there is enough evidence to show that Mrs H was told that she needed the policy if she was to be granted the mortgage and I consider that the evidence that has been provided by Phoenix Life makes it clear enough that the policy was not required. I also consider that that evidence shows that Phoenix Life did properly assess the suitability of the policy for Mrs H and her husband and I consider that the terms of the policy were appropriate for her at that time and were consistent with the terms of the mortgage.

I am therefore not persuaded that there is enough evidence to show that the policy was mis-sold to Mrs H. As such, I do not consider that it would be fair or reasonable for me to require Phoenix Life to refund to Mrs H the premiums that she has paid for the policy or to pay her any other compensation.

my final decision

For these reasons, my decision is that I do not uphold Mrs H's complaint.

Jarrold Hastings
ombudsman