

## **complaint**

Mr T complains that the executive pension plan (EPP) he took out with Abbey Life Assurance Company Limited (Abbey Life), and paid £1,000 into, lapsed without value.

## **background**

In 1986, Mr T's adviser recommended he invest £1,000 into an EPP with Abbey Life.

Abbey Life sent Mr T a valuation in May 2000. It showed his policy was worth around £765, with a transfer value of around £300. Mr T decided to leave things as they were because of the transfer penalty.

Mr T contacted Abbey Life in October 2014 and was told his policy had lapsed without a value in February 2012. He complained to Abbey Life, who didn't uphold his complaint and so he referred it to us.

One of our adjudicator's looked into Mr T's complaint and didn't uphold it. In summary, she said:

- The charging structure for the EPP said the cost of setting up the plan was covered by the initial units bought with contributions invested in the first two years of the policy. As Mr T's plan only received one contribution of £1,000 at the outset, all of the units were 'capital' units and were subject to a higher annual management charge.
- There were other charges too - an initial service charge; administration fees and a variable cost for protecting the value of the capital units in the event of death.
- Charges, coupled with the financial crisis and subsequent instability of the stock market, saw the initial investment of £1,000 diminish over 26 years. This led to the plan being lapsed in 2012.
- She had no reason to believe that Mr T wouldn't have been given details about the plan when he took it out.
- Mr T moved house in 2003 but didn't tell Abbey Life. After this time Abbey Life wasn't able to contact him.

Mr T didn't agree with our adjudicator's view. He said, in summary, that Abbey Life sold him a scheme which was doomed to fail from the start, unless he continued to fund it. He thought no one would invest in such a scheme if that was made clear at the outset. He wasn't aware that he chose to take full investment protection benefit.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have come to the same conclusion as the adjudicator for broadly the same reasons

The investment that Mr T made in 1986 was unfortunately used up in charges, so Abbey Life lapsed the plan. But, the charges that were applied seem to be consistent with what Abbey Life said in its policy documentation that it would charge. I think therefore, Mr T was given information that was, clear, fair and not misleading about the charges. As Abbey Life has managed the plan in line with these terms and conditions I think it was reasonable for it to lapse the plan, without value, in the circumstances it did.

This plan was sold around 30 years ago. Abbey Life no longer has a copy of the original paperwork from the time it was sold. Mr T said that he was sold a plan that was doomed to fail from the start. But, from what Mr T tells me about his company's financial position at the time he took it out, the contributions seemed to be affordable then and going forward. I can't see that the adviser ought to have known that Mr T would only make one contribution into it. So, I don't think the plan was obviously inappropriate from the outset.

I haven't seen anything to show that Mr T didn't choose to take the full investment protection benefit. He can't have known at the time that it wasn't worth paying for it because the value of his plan would be eroded by charges. So, I can't see that at the time it was taken out it was obviously inappropriate.

When Mr T moved address he didn't give Abbey Life his new address. Post sent to Mr T was returned marked gone away. So, I don't think it was unreasonable for it not to contact him further, until he wrote to it.

### **my final decision**

I do not uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 8 April 2016.

Kim Parsons  
**ombudsman**