

complaint

Mr K complains that Fairshare Credit Union Limited unfairly withdrew the free life insurance that it had previously provided on his savings account.

background

Mr K is a long-standing saver with Fairshare. Until June 2013, Fairshare provided free life insurance to savers – which Mr K says he had relied on in his financial planning to cover funeral expenses.

Fairshare says that, following budget projections, it decided to withdraw that benefit on the grounds of financial prudence. It says withdrawal of the insurance was provided for within the terms and conditions of the account, and that its decision had been agreed with the relevant credit union association before it was implemented.

Mr K considers that it was grossly unfair of Fairshare to remove the free life insurance, a move which he feels was not in keeping with its founding principles. As the matter remained unresolved, Mr K brought his complaint to this service where it was investigated by an adjudicator.

The adjudicator was satisfied that the decision to withdraw the savings insurance was made by Fairshare following a decision by the relevant credit union association that such cover was no longer a general requirement, and after a review of the financial viability of the cover.

The adjudicator also considered that the terms of Mr K's account provided for changes of this type. Overall, she did not consider that the complaint should succeed.

Mr K did not agree with the adjudicator and said, in summary:

- His decision to join Fairshare was based on the free savers' life insurance, which was important to him as he intended to use it for funeral expenses. This was a guarantee, and the recent terms and conditions were not the ones he had signed up to.
- It came as an unwelcome shock to be told that this was being stopped, and that he would need to find some other means of providing life insurance. This is not possible, due to his age, and if he had realised the life insurance would be withdrawn then he could have put his savings somewhere else and got a better rate of interest.
- In a meeting with Fairshare, he suggested that the insurance should be stopped only for new members, and tapered for existing members – or there could be negotiation with the insurance company for a shared premium. These suggestions were rejected.
- He does not accept that the Fairshare board has acted democratically, because the board includes members that are paid by Fairshare and so there must be a conflict of interest.
- Fairshare should be made to produce evidence about why it made that decision, and to show that it was fair. He would also like more information about why the credit union association made its decision to remove the requirement for saver insurance, and why Fairshare then acted on that so quickly.

Fairshare also made some further representations, which I summarise:

- The decision to withdraw the free life insurance for savers was to reduce annual fixed costs and thereby ensure viability and sustainability of the credit union for current and future members.
- It cannot provide evidence of terms and conditions Mr K signed up to when he originally joined, and it thinks it likely that there were no formal terms and conditions in existence at that time.
- The board considered different options before deciding to withdraw the life insurance. It acted democratically, in line with current rules and in accordance with regulatory requirements.

my findings

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

I do not have any general power to look into how Fairshare's board operates, or to investigate the decision taken by the credit union association not to require life insurance on savings. So, those wider matters cannot form any part of my final decision on Mr K's complaint.

I appreciate that the free life insurance element of his account was an important feature for Mr K, and that he regards this as a guarantee which he relied on when taking the account in the first place. But he has not produced any material relating to the account that, in my view, binds Fairshare to continue to provide the life insurance for as long as he wants it.

The current terms and conditions of the account provide for changes in certain circumstances, and I am satisfied that Fairshare has kept within those terms when making this change. It would be surprising if there had been no changes at all to the terms and conditions since Mr K first joined, and I consider Fairshare is entitled in this case to apply the current terms and conditions to his account.

Overall, I find that Fairshare did not act unfairly towards Mr K.

my final decision

I appreciate that Mr K feels very strongly about his complaint, and that the free life insurance was valuable to him. But – given my findings – my final decision must be that do not uphold his complaint.

Jane Hingston
ombudsman