

## **complaint**

Mrs C complains that Legal & General Assurance Society Limited sold her an unsuitable mortgage endowment policy in 1989. Mrs C says Legal & General:

- didn't establish her attitude to risk, or explain the risks involved in the endowment policy;
- didn't discuss what other mortgage options she had; and
- Mrs C was led to believe the policy would repay her mortgage in full and pay a lump sum.

Mrs C has made her complaint through a Claims Management Company (CMC).

## **background**

In 1989 Mrs C met with Legal & General. She wanted some financial advice before taking out a mortgage with her partner at the time, Mr F.

Mrs C was sold a with-profits endowment with a target value of £34,000. The endowment was taken out to repay an interest only mortgage of £34,000 over the same term at maturity.

In 2006 Mrs C and Mr F divorced and sold their house. The policy was transferred to Mrs C's sole name. Mrs C kept the endowment policy running for another two years before surrendering it in 2008.

In 2014 Mrs C complained to Legal & General but it didn't uphold her complaint. The business didn't agree the endowment had been mis-sold. Mrs C brought her complaint to us and our adjudicator investigated the sale of the policy.

His view was that the policy hadn't been clearly unsuitable for Mrs C and Mr F when it had been sold. Mrs C's representative disagreed and replied saying Mrs C:

- remembers telling the advisor that she wanted to take "no risks" with the repayment of her mortgage;
- had been a young, inexperienced first time buyer when the policy was sold and she relied heavily on the advice of Legal & General; and
- didn't understand the risks of the product or how the policy worked. She'd found the illustrations the business gave her and Mr F about how the policy could perform to be complex and technical.

## **my findings**

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

When Mrs C and Mr F met with Legal & General in 1989 they were young first time buyers. Mrs C's said she and Mr F didn't know much about mortgages and investments. I believe Mrs C when she says she and Mr F were very reliant on Legal & General to advise them about what products were suitable for their needs.

I've looked at the records kept from the meeting and I've carefully considered what Mrs C remembers from the time of the sale. Where there is disagreement about what happened, I've used all the evidence to try to determine what I think happened on the balance of probabilities. I've also taken into consideration that advice was given to Mr F and Mrs C jointly, while only Mrs C has brought this complaint to us.

Mrs C and Mr F were sold an interest only mortgage which had a target value of £34,000. The mortgage was taken out over a 25 year term. Alongside it, the advisor sold them a with-profits endowment policy with a target value of £34,000. The policy was intended to repay the mortgage in full at the end of its term.

Mrs C says that she was led to believe that the endowment policy would repay her mortgage in full and pay a lump sum. I don't doubt that the advisor would have portrayed the policy in a favourable light when it was sold. In 1989 such policies had historically had a good track record of performance and the advisor would've expected such a policy to perform well in the future.

However, I can't see any evidence (other than Mrs C's recollection) that suggests the advisor or the policy provider *guaranteed* the returns the policy would achieve. The policy documentation says that the policy is "*designed*" to repay a mortgage, and that there is a "*prospect*" of a cash sum. But there is no mention of a "*guarantee*" that the policy would reach its target value or pay a bonus. As a result I'm unable to uphold this part of Mrs C's complaint.

Mrs C remembers she told the advisor that she wasn't willing to accept any risk with the repayment of the mortgage. I appreciate that this is what Mrs C remembers saying but the notes made by the advisor at the time don't record this. And I do have to bear in mind that the meeting with Mrs C and Legal & General happened many years ago now. Mrs C and Mr F were sold a with-profits policy. Such policies were generally considered to be low risk at the time. Mrs C and Mr F's circumstances in 1989 indicate they may have been able to take some risk with the repayment of their mortgage. They had savings and access to disposable income after setting up the mortgage and endowment policy.

Part of Mrs C's complaint is that she didn't understand the policy she was sold. Mrs C's representative says the endowment policy was complex and technical – and for the same reason Mrs C didn't understand the performance illustrations given by the business. I've been given copies of the literature that Legal & General say would've been given to Mrs C and Mr F when the policy was sold. Similar information would have also been sent by the policy provider after the sale, and before the policy started. I think this information makes it reasonably clear – at least at a high level - how the product works.

I know my decision will come as a disappointment to Mrs C but I'm not persuaded that Legal & General mis-sold an endowment policy to her and Mr F in 1989. I don't think the policy sold was clearly unsuitable for their needs at the time.

### **my final decision**

My final decision is that I don't uphold this complaint against Legal & General Assurance Society Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 14 January 2016.

Emma Peters  
**ombudsman**