

complaint

Mr E believes his life cover with Prudential Assurance Company Limited ran until his 75th birthday but instead it had a 25 year term. To resolve the complaint he wishes the policy to continue until he is 75.

His wife Mrs A is also involved in the complaint as she was present at the meetings with the representative from Prudential.

background

In 1992 a representative from Prudential visited Mr E and his wife Mrs A at home for a pension review. At this visit he was recommended to take out a life assurance policy with a 25 year term. In 1996 when they'd had a child, he took out a further policy to top up the cover, with a term of 21 years. Mr E says he knew he had life cover but believed it ran until his 75th birthday and he wouldn't have agreed to a policy for only 25 years. Mrs A believes the policies must have been mis-sold as they'd previously received redress for mis-sold endowments. And Mr E wouldn't have knowingly taken out a life assurance policy in his 20s before he had dependents (other than his wife). She also says he didn't need these policies as he is the beneficiary of her life policy.

Mr E complained to Prudential when it wrote to him to remind him the term of the policy was coming to an end. In its response Prudential provided evidence he'd signed the application forms and would have been sent policy documents which included cancellation rights. So it was confident he had been made aware of the term of the policies. Mr E was not happy so he complained to us.

Our investigator considered that the documentation was clear, Mr E had signed the forms, and was able to cancel if he felt the policies were not right for him. He explained it's not unusual for people to have more than one life assurance policy. As Mr E was married with a mortgage, even before he had a dependent child, the policies were not unsuitable. He felt Mrs A's life policy wasn't relevant as it insured her life not his. And its existence was not disclosed to Prudential at the time of sale. In the course of the complaint, Mrs A also provided details of life cover they had through their mortgage provider, but this hadn't been disclosed to Prudential either.

Mr E and Mrs A were still sure the policies must have been mis-sold and so asked an ombudsman for 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.

I appreciate Mr E and Mrs A feel strongly about this, but I agree with the conclusions of our investigator. Having reviewed the complaint it seems Mr E and Mrs A give slightly different reasons for being unhappy so I'll try to address all their points.

It is inevitable that for events which took place long ago memories can be unreliable, so I've considered what is most likely to have happened using the documentary evidence I've seen.

the visits from the Prudential representative

Prudential's records show their representative visited Mr E and Mrs A five times in total.

The first visit was in October 1989 to set up Mr E's personal pension.

The second visit was in March 1992 when life cover of £80,000 was arranged over a term of 25 years.

The third visit was in December 1992 and an increase in pension contributions was arranged. This contribution was cancelled by Mr E in 1993.

The fourth visit was in February 1994. At this time Mr E agreed to increase his life cover by £20,000 and also increase his pension contributions. The life cover was lapsed due to non-payment of premiums, but this visit is relevant to my decision due to the information captured at that time.

The fifth visit was in April 1996 when a further life assurance was arranged of £50,000 over 21 years (to end at the same time as the first policy).

the first life policy taken out in 1992

The representative conducted a financial review and recommended Mr E take out life cover so the mortgage would be paid in the event of his death. Mr E says he wouldn't have done this as he was only in his 20s with no dependents. But the fact find document shows the representative asked the couple questions about what provision they had made should one of them die. In the section "Plans you already have" Mr E and Mrs A disclosed only their motor and house contents insurance policies. It seems likely the representative recommended a 25 year term in line with their mortgage. Mr E signed the application form and would've been asked to review the contents before doing so. The cover seems a sensible recommendation to provide peace of mind for Mrs A if the Prudential representative understood Mr E had no other life cover, and so I can't say this policy was mis-sold.

Mrs A advised in the course of the complaint that they already had life cover from their mortgage provider but they didn't disclose this during the visit, so Prudential wouldn't have known about it, and therefore it's not relevant to my decision.

personal financial review in 1994

In the fact find completed at this review, under "Existing life cover" Mr E's cover of £80,000 and Mrs A's cover of £25,000 are noted. As the mortgage life cover wasn't included it suggests they didn't mention it on this occasion either. "Nil" is written under "death in service" benefit from his employer. In the "Summary" section the representative noted they were considering re-mortgaging and had requested to increase their life protection to £100,000 and their overall contributions to £100 a month.

Prudential recommended the cover be topped up by £20,000. Mr E signed this application form but the policy lapsed as no contributions were received. The reason this is relevant to my consideration of the complaint is it evidences that Mr E wasn't covered by death in service benefit from his employer, which supports the recommendation for life cover.

personal financial review in 1996

In the fact find completed on this occasion in the section relating to dependents and children it is noted "baby due 30.04.96" which was probably the reason for the review. In the section "Protecting you and your family" the representative has noted the life cover policies of "£80,000 expiring 01.05.17" and the £20,000 policy mentioned above. In the "Recommendations" section the representative has written "[Mr E] has a shortfall of £49,942 and has requested this be protected by a top up to his existing personal pension life cover". It seems likely to me that Mr E agreed to top up his cover by an additional £50,000 in line with this advice. As this was a "top up" to existing cover the term was 21 years in line with the policy taken out in 1992. As Mr E now had a dependent child but his other circumstances hadn't changed, it seems to me this top up was a sensible recommendation to secure his family's future should anything happen to him.

Mr E says he recalls feeling pressurised as the representative would not leave their home until he signed, and he was surprised the representative had travelled so far to see them from his base in Wales. This was the fifth visit so there was a relationship between them which began when Mr E and Mrs A lived in Herefordshire, which perhaps explains why the representative was prepared to travel to see existing clients even though they had now moved to Hampshire. Other than Mr E's recollection, I have found no evidence that Mr E was pressurised to sign. Mr E and Mrs A had met the advisor on four previous occasions so could have requested a different advisor visit them, or denied him entry to their home if they had concerns.

Prudential points out clients are asked to review the policy documentation when it arrives in the post, and this would have included cancellation rights so if Mr E on reflection was not happy to proceed he had the opportunity to cancel. Indeed Mr E did exercise his cancellation rights on a previous policy in 1993 so he was aware he could do this.

their mis-sold endowment policies

Mr E and Mrs A had previously complained to Prudential about some endowment policies which they felt had been mis-sold. In its response Prudential reminded them that their endowment complaint had already been resolved and they had accepted a sum as redress, so it was not appropriate for them to be included in this complaint. I understand why their confidence in Prudential may have been affected, but it doesn't follow that just because some products may have been mis-sold in the past every sale is problematic. As a service we have to consider each case on its particular merits, so I do not feel it would be reasonable to suppose that the life policies were mis-sold just because the endowments may have been.

knowledge of the policy term

From the evidence I've seen the documents clearly show the policies both have an expiry date of 2017 and I think it's likely the 25 year term was selected in line with their mortgage. Mr E had an opportunity to read the forms before signing so could have queried anything he was not sure of. He also had the opportunity to review the policy documents in his own time at home and he was given cancellation rights which he did use on one occasion.

I think I can see how the confusion in relation to his 75th birthday may have arisen. On the form under "Policy Term" the wording says "*The selected term must be at least 5 years and must expire before your 75th birthday*". I believe Mr E has recalled seeing this and it stuck in his mind. But this doesn't mean Prudential didn't make the actual term of the policies clear to him at the time and afterwards.
life policies were not suitable so were mis-sold

Taking all of the evidence together I don't agree that the policies were unsuitable, or that they were of no use to Mr E. Life cover is a product we hope we'll never need to use, but its existence gave Mr E's family peace of mind for the duration of its term. Unlike other types of insurance, multiple life policies will pay out in the event of the insured person's death, and so it's not necessarily unusual for a person to have more than one policy. Indeed Mrs A's life is insured with her own policy and the joint policy from their mortgage provider.

Mr E says both that he remembers feeling pressurised to sign to make the representative leave his house, and that he didn't sign the form so doubts the honesty of the representative. Mr E has been provided with copies of the signed forms and in my opinion his signature on the forms compares to the signature on his complaint form to this service. So I have no reason to believe it's not genuine. I've concluded that Mr E did take out the policies, the term was made clear to him, and his family would have benefitted should the need have arisen, so I don't think they were mis-sold.

Mr E is now in his 50s and says he would find obtaining similar life cover for the same low cost very difficult and I understand his faith in the company may have been tested by his endowment experience. But I can't say Prudential has done anything wrong so I won't be asking it to reinstate his policy until he is 75.

my final decision

I don't uphold Mr E's complaint against Prudential Assurance Company Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 24 November 2017.

Sarah Milne
ombudsman