

complaint

Mr and Mrs L have said they were mis-sold a with-profits endowment policy by The Prudential Assurance Company Limited in 1988. Mr and Mrs L are represented by a claims management company.

background

Mr and Mrs L met the adviser in May 1988 and agreed to start the endowment policy that came into force in July 1988. This had a sum assured of £3,000 and additional term assurance of £20,000. Mr and Mrs L were paying around £30 per month in premiums. This could be broken down as about £13 for the endowment element and £17 for the term assurance.

The policy matured in 2013 with a value of around £7,400. Mr and Mrs L complained that they were expecting £30,000 to repay their mortgage. They said they paid around £9,000 in premiums. As this was a with-profits plan they should get back at least £39,000.

The adjudicator didn't recommend the complaint should be upheld. She thought the advice was suitable as Mr and Mrs L already had endowment policies and so would have understood how the plan worked. They also had young children and so a savings plan with life cover wasn't unsuitable. The adjudicator also said she didn't think the policy was sold to cover the mortgage; the amount of mortgage and the term did not match.

As for the maturity value, the adjudicator said the terms only guaranteed the sum assured of £3,000, plus any added bonuses. So the business didn't need to make an extra payment.

Mr and Mrs L's representative disagreed. It said the following:

- It was a case of "forward" selling. This is when a policy is sold before a mortgage has started.
- Mr and Mrs L already had several endowment policies and didn't need another. Mr and Mrs L had lost a lot of money by starting a plan they didn't need.
- Mr and Mrs L weren't unhappy with the plan's performance. They just didn't need it.

As agreement couldn't be reached, the complaint has been passed to me for review.

my findings

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

It's not easy to know exactly what is being complained about due to the conflicting information which has been submitted. In the complaint questionnaire, Mr and Mrs L said that it had been made clear to the adviser that the policy should repay their mortgage. But in our complaint form, the opposite is claimed; that there was no mortgage and so they didn't need the plan.

Mr and Mrs L's representative has also said that they're not complaining about the plan's performance. But the letter sent by Mr and Mrs L to the business said that they were expecting a much higher return which would repay their mortgage.

As with the adjudicator, I think it's unlikely the endowment was connected to Mr and Mrs L's mortgage as the amount and term were different. But as a savings plan with extra life cover, I don't think it was unsuitable either. Mr and Mrs L may have already had endowment policies, but they had a young family to provide for in the event of death. And the additional savings aspect would also have been of benefit later on.

As for the return itself, the sum assured was £3,000 and the amount received at maturity was more than double this with the bonuses added. I appreciate that Mr and Mrs L may have paid more in premiums than they've received. But much of the cost went towards the term assurance part, which gave additional cover of £20,000 in the event of death.

Overall, although I know Mr and Mrs L are disappointed with the return, I don't think there's persuasive evidence that the plan was mis-sold to them.

my final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 17 March 2015.

Philip Miller
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