

## **complaint**

Mr and Mrs S complain, through a representative, about an endowment policy they took out in 1987 with The Prudential Assurance Company Limited.

They say they were told the policy would repay their mortgage and that they would get a lump sum as well.

## **background**

Mr and Mrs S took out the policy in 1987 as a way of repaying their joint mortgage.

In 2000 and 2002 Mr and Mrs S received what is known as an “amber” warning letter. These letters explained that there was a risk the policy might not reach its target amount.

In 2002 the policy was surrendered when Mr S downsized and repaid his mortgage.

In 2017 Mr and Mrs S complained to Prudential. They then brought their complaint here.

One of our adjudicators looked at the complaint but didn't uphold it. This was mainly because the policy was generally thought to be low-risk at the time and she felt it would have been considered an appropriate way of repaying a mortgage for someone in Mr and Mrs S's circumstances.

Mr S disagreed and asked for an ombudsman's decision. I think it's fair to say he disagrees with all the points made by the adjudicator and thinks she was looking for a way to turn down his complaint. He thinks we're doubting his word and says all the adviser talked about was the amount of money the policy would make. There was never any mention of risk.

The case has now been passed to me 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'm not going to uphold this complaint. I know that isn't the answer Mr S wants and that he'll be disappointed. I know he feels strongly about this.

This policy was taken out many years ago, before financial services were regulated in the way they are now. There's little evidence available from the time. That's not surprising or unusual. Also, after this length of time recollections are likely to be incomplete and it's difficult to know with any certainty what was discussed at the time or why certain decisions were taken.

Mr S shouldn't think I don't believe him. The financial landscape was very different at the time. Policies like this were maturing with substantial tax-free surpluses. They were generally considered to be a low-risk way of repaying a mortgage.

I'm sure the adviser talked up the benefits of the policy and believed there would be money left over. That's what most people thought. But it doesn't mean the policy was guaranteed to reach the target amount. The adjudicator explained that in her letter of 5 June 2018.

Sadly financial conditions changed and many policies didn't live up to expectations. But that doesn't mean they were necessarily wrong for people at the time. Interest rates were very high and this way of repaying a mortgage was generally cheaper than others. Many people took them out for that reason alone.

All of this means that these complaints are now difficult to decide. I'm sure that Mr and Mrs S would do things differently if they could turn the clock back. I'm sure the adviser would too. But we can't do that.

To fairly uphold this complaint I'd need to be satisfied that the policy was wrong for Mr and Mrs S when they took it out. I agree with what our adjudicator said about that. I haven't seen enough to persuade me the policy was inappropriate for Mr and Mrs S in 1987.

**my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 22 September 2018

Sue Wrigley  
**ombudsman**