

complaint

Mr A complains that East Renfrewshire Credit Union Ltd misled his late father into opening and maintaining an account when it promised substantially higher death benefits than were eventually paid. He would like the credit union to pay the amount he believes it promised it would pay.

Mr A also complains that his late father paid substantial amounts towards a lottery the credit union ran but the credit union has never confirmed whether he ever won. In any event he suggests it is not clear that his father ever consented to being a party to this lottery.

background

Mr A's father held an account with the credit union. He used the account both for savings and to borrow money over the years. One of the benefits of holding the account was that the credit union took out an insurance policy that paid out a percentage of the savings held if an account holder died. The credit union then paid that amount to the account holder's family or executors, as appropriate.

Mr A complained to the credit union that it did not pay out the promised amount, which he says should be the savings held plus a sum equivalent to twice that amount. The credit union only paid the savings plus 25% of the balance.

When Mr A and his brother met with the credit union, it agreed that some of its published information might be misinterpreted – in that it promised to “double your money” – and did not explain that benefits reduced with age. On this basis the credit union offered to pay Mr A an additional sum as a good will gesture.

Our adjudicator did not recommend that the complaint should be upheld. He was not persuaded that Mr A's father had only joined and then continued to use the credit union because he had been misled about the benefits of the insurance policy. But in any event as the credit union's records showed it had now paid Mr A significantly more than it was obliged to he considered he could not fairly ask it to do anything further.

Our adjudicator also took on board that Mr A's father had had to opt into the lottery. There was no suggestion that he had not done so voluntarily. In any event he considered that as the lottery is administered by a third party who is not covered by our jurisdiction we could not consider this part of the complaint any further.

Mr A responded to say that other people have received much larger payments and that it is unfair that the credit union is not paying him the same amount. He reiterated that his father only joined and remained in the credit union because of the promised benefit.

my findings

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

It is clear that Mr A feels very strongly about this case and he has told us he will not give up. He also suggests that the credit union is besmirching his late father's name in its replies to us. I can well understand that Mr A is a loving son who wants to do right by his late father.

But whilst I am aware of Mr A's sentiments what I have to consider is has the credit union done anything wrong.

the credit union's offer is fair and Mr A is not entitled to a bigger award

Mr A says that his father opened the account only because of the benefit payable on death in the insurance policy the credit union held on behalf of its members. But I have looked at the statements for the account and am satisfied that, as he both saved and borrowed with the credit union, the death benefit was not the only or even the main reason he opened the account.

In any event I have not seen any information that suggests that at the time Mr A's father joined the credit union he saw any information that contained a false statement of fact about the policy. In these circumstances it follows I cannot fairly conclude that Mr A's father only joined the credit union because he misled about the death benefits that would be available to him.

Mr A has told us that we need to insist that the credit union provide the historical information that it published about the insurance policy. Some time has passed since Mr A's father joined the credit union. The nature of the death benefit has changed quite a lot in that time. The maximum benefit is now it appears considerably larger than it was when Mr A's father joined. Also, credit unions were not regulated businesses then, as they are now, and so requirements on them to keep information about their activities were not as strict. Therefore, I do not think it would be fair to hold the fact that the credit union cannot now find copies of promotional material from the time against it.

Further, I have also looked at the published material that Mr A's father might have seen after he joined the credit union. It says that the life savings insurance will "double your money" and there is no clear indication that this amount varied dependent upon the age of the account holder.

The credit union has acknowledged this information may have been potentially misleading. Taking this into account it offered to pay Mr A a sum equivalent to his father's savings plus a 100% bonus as a good will gesture.

Again, while I take on board what Mr A says I have not seen anything to suggest that Mr A's father ever saw this information and this is why he continued to remain as a member of the credit union as Mr A suggests. Further the credit union has demonstrated that its offer is the maximum payment available under the policy. It says under the relevant rules Mr A's father was only entitled to the 25% bonus which he got. On this basis I consider that this offer is fair and reasonable. I leave it to Mr A to decide if he wishes to accept this offer.

Even if I accepted - which I do not - that Mr A's father was misled into remaining with the union, I cannot know what he would have done with his money instead. As the adjudicator explained, the remedy where a customer is misled into taking a product they would not otherwise have agreed to is to consider what they would have done had they been given correct information. It is not to put them in the position they would be in if the misleading information were true.

I am not persuaded Mr A's father would have achieved a better return than 100% of the value of his savings if he had done something else with his money. This means I find it

unlikely that the estate has suffered a financial loss in the event that he did remain with the credit union because of the promotional information about the benefit. .

I appreciate that Mr A says some people have been paid more than he has been offered. This service only considers individual complaints and I am satisfied that the credit union has responded fairly and reasonably to this complaint. In any event I have no power to suggest the credit union should make a larger good will offer to Mr A just because it may have made larger offers to other people.

I make no finding about the lottery payments

Mr A raised an additional query within this complaint about his late father's contributions to a lottery he thought was run by the credit union. We have confirmed that the lottery is run by a separate legal entity that does not fall within our jurisdiction, and so I am unable to consider this part of Mr A's complaint any further.

my final decision

My decision is that I do not uphold this complaint.

Joyce Gordon
ombudsman