

complaint

Ms B complains that Friends Life Company Limited told her at maturity that she would only receive the value of the sum assured on her “Moneyback Plan” policy and there would be no bonuses. She had expected to receive a number of bonuses in addition to the sum assured.

background

Ms B took out her policy with Friends Life (then Sun Life Direct) in January 1998, over a term of 15 years.

The plan was taken to provide a lump sum in the event of her premature death during the term of the plan. But an additional feature of the policy – the “Moneyback” element - was that if no claim was made it would pay out a basic sum assured, plus any bonuses, at the end of the term.

In January 2013, Ms B’s policy matured and she received a letter from Friends Life, stating the policy’s value was just over £930.

Unhappy with this, Ms B raised a complaint with Friends Life. It replied saying that it was of the view that the operation of policy had been clearly explained in the promotional documentation. It was also satisfied that bonuses had been added to Ms B’s sum assured and these had been calculated correctly. Dissatisfied with this response, Ms B brought her complaint to this service.

Our adjudicator felt that although the maturity value of Ms B’s policy, including the bonuses, may not have been as much as she may have hoped for, this in itself was not a reason for the complaint to be upheld.

Mrs B disagreed with this assessment so the matter has been referred to me to review.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have come to the same conclusions as the adjudicator and for broadly the same reasons.

I have looked at the ‘maturity’ letter that Friends Life sent to Ms B shortly before the end of her policy’s term. It shows that the amount to be paid out would be the sum assured of £540 with the addition of bonuses already allotted, an interim bonus and a further bonus at maturity – the terminal bonus. The total amount was the figure paid to Ms B.

I have no reason to believe that any of these amounts were incorrectly calculated. While I can appreciate that Ms B may have felt disappointed with the total it does appear to have been generated in the way set out in the terms of the policy. It is also, while low, in line with the illustration issued to Ms B when she took out the policy. That showed examples of what might be paid out depending on what rates of investment return were achieved over the term. The £930 figure is below, but not far off, the illustration for a 5% return and the illustration makes clear that the figures given are not guaranteed.

In summary, I can see why Ms B would have hoped for more from her policy. But in the circumstances I'm unable to conclude that Friends Life either failed to explain how the policy worked at the outset or paid an incorrect amount to Ms B when the policy ended.

my final decision

For the reasons given, my final decision is that I do not uphold the complaint.

James Harris
ombudsman