

complaint

Mr L complains that he didn't require life cover. But he was sold a whole-of-life policy by Sanlam Life and Pensions UK Limited, which he considered to be for savings purposes.

background

Represented by a claims management company, Mr L complained to Sanlam. It rejected his complaint stating that it was recorded Mr L had wanted life cover for the benefit of his children.

An adjudicator from this Service investigated and felt the complaint should be upheld.

Sanlam has been unable to provide much documentation about the policy due to the time which has passed and the fact the policy has been surrendered. The adjudicator saw no fact find or documents to show why the policy had been recommended. And so he suggested a Mr L should get a full refund of the premiums paid.

Sanlam disagreed. In summary, it said that discussions had taken place about life cover and that had been documented. It also commented that the only type of cover it offered at the time was whole-of-life.

As no agreement has been 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.

Having reviewed everything provided by both parties, I note there is some inconsistency as to the reasons the policy was recommended. In situations such as this, I'm required to decide what I consider most likely to have been the case.

Sanlam has said Mr L wanted protection for his children from a previous marriage. But Mr L says that his children were already provided for under the divorce settlement and there was no requirement for the cover. I note that the sum assured provided by the policy was £6,600. I consider this to be a very modest amount if the purpose was for protection for his children.

If the cover was intended to provide for his children I would likely expect the policy to have had a term which would provide for them until financial independence. I note a whole-of-life policy gives flexibility, but I've seen nothing to justify that over a term policy. I acknowledge Sanlam says a term policy wasn't available at the time, but if that was the case, I would expect to see something recorded showing that was explained to Mr L.

I note the policy was surrendered for its fund value after seven years. Mr L has said affordability was an issue for him, but Sanlam doesn't accept this. Whether the cover was cancelled because the policy was unaffordable or because he didn't want it, I think it's likely it was not a suitable recommendation for Mr L.

With the lack of definite information available, in this instance I'm persuaded it is fair and reasonable to uphold the complaint. I note the surrender value Mr L received represented a

large proportion of the premiums he paid. As a result, I feel the refund he should receive ought to compensate him up until the surrender date.

my final decision

My final decision is that I uphold the complaint against Sanlam Life and Pensions UK Limited.

I direct it to pay to Mr L:

- A refund of the premiums paid for the policy;
- 8% simple interest per annum on each premium from the date it was paid until the date of surrender;
- Less the surrender value paid out from the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 22 January 2016.

Ross Hammond
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