

complaint

Mr and Mrs C complain that a life assurance policy was mis-sold to them by Guardian Assurance Limited.

background

Mr and Mrs C applied for a £2,000 advance on their mortgage in 1991 which was to be repaid over five years. They also took out a life assurance policy with Guardian Assurance which matched the terms of their mortgage. The policy lapsed in 1995 when the mortgage was repaid. They complained to their mortgage provider in 2012, and to Guardian Assurance in 2014, that the policy had not been suitable for them. They were not satisfied with Guardian Assurance's response so they complained to this service.

The adjudicator did not recommend that this complaint should be upheld. She was unable to confirm that Mr and Mrs C were told that the policy was a condition of the mortgage but she considered that it was suitable for them as it matched the amount and length of the mortgage. She said that employee benefits and savings are not normally considered to be suitable to protect a mortgage.

Mr and Mrs C have asked for their complaint to be considered by an ombudsman. They say that they have provided a true and honest account of the meeting in which they were told that the policy was compulsory. They also say that they had other protection in place so did not need the policy and that they had no doubt that they would remain in the same employment until retirement.

my findings

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

Guardian Assurance has only been able to provide limited information about the policy. But the policy lapsed in 1995 so I do not consider that to be unreasonable. The mortgage provider sent an offer letter to Mr and Mrs C in February 1991. There is no reference in that letter to say that the policy was a condition of the mortgage or that it was required if Mr and Mrs C were to receive the advance. Although Mr and Mrs C say that they were told that the policy was compulsory, there is no other evidence to show that they were told that the policy was a requirement of the mortgage.

I generally consider life assurance to be a suitable recommendation for an adviser to make to a customer to protect their mortgage in these circumstances. The mortgage was to be repaid over five years and the policy provided decreasing life assurance over that period on terms that were consistent with the mortgage. I therefore find that the policy was not an unsuitable recommendation for Mr and Mrs C.

Mr and Mrs C say that they had savings, death in service benefits and other policies which made the life assurance policy unnecessary. But I do not consider that they would have provided suitable protection for a mortgage. That is because: savings may no longer be available at the time that they are required to repay a mortgage; and employment benefits are only payable for so long as the employment continues (and even if the employment continues, there are circumstances in which benefits might not be payable). Even though Mr and Mrs C say that they would remain in the same employment until their retirement, I

consider that the policy was a suitable recommendation to be made to them. I have seen no evidence from that time to show that Guardian Assurance was aware that Mr and Mrs C had other policies which would protect their mortgage.

For these reasons, I am not persuaded that there is enough evidence to show that the policy was mis-sold to Mr and Mrs C. I therefore find that it would not be fair or reasonable for me to require Guardian Assurance to refund to Mr and Mrs C the premiums that they paid for the policy or to pay them any other compensation.

my final decision

My decision is therefore that I do not uphold Mr and Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs C to accept or reject my decision before 6 November 2015.

Jarrold Hastings
ombudsman