

complaint

Mr W's complaint is about a mortgage endowment policy taken out with The Prudential Assurance Company Limited.

He says he was a first-time buyer and didn't understand the risks involved.

background

Mr W took out the policy in 1987 and surrendered it in 2005. He complained, through a representative, in 2017.

Our adjudicator looked at the complaint but didn't think it should be upheld. She explained why in her letter of 18 October 2017.

Mr W's representative didn't agree. The matter 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 sorry to disappoint Mr W but I don't uphold this complaint. Our adjudicator looked at this in detail and I agree with what she said.

This policy was taken out a very long time ago, before financial services were regulated in the way they are now. There's very little information available from the time. But that's not surprising, especially as the policy stopped over ten years ago.

I can only fairly uphold this complaint if I think the policy was wrong for Mr W in 1987. And I can't use hindsight when I make that decision. Sadly, investment conditions changed over the years and many policies like this didn't do as well as hoped for. But that doesn't mean they weren't an appropriate way of repaying a mortgage at the time.

Policies like Mr W's were thought to be safe and appropriate for most – although not all. Similar policies had been doing well and were generally expected to carry on doing well. In 1987 it was quite usual to take out an interest-only mortgage supported by an endowment policy. The policy would have provided life cover and it would have been expected to repay the mortgage, and more, at the end of the term. Some mortgages were only available on this basis. That wasn't thought to be wrong at the time. The fact that Mr W was a first time buyer is not enough, on its own, to uphold a complaint like this.

As our adjudicator said, there's nothing about Mr W's circumstances at the time, or the way the policy was set up, to suggest this wasn't an appropriate way of repaying his mortgage.

So I can't fairly uphold this complaint.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 January 2018.

Sue Wrigley
ombudsman