

complaint

Mr A has complained that The Prudential Assurance Company Limited mis-sold him a redundancy and disability insurance policy.

background

Prudential sold Mr A the policy alongside a mortgage in 1991. The policy, which cost £5.25 a month, was designed to help him make his mortgage payments in the event that he was made redundant or was medically unable to work.

In 2002, Prudential sold the book of business to another insurer (insurer B) which meant that insurer B was responsible for the policy after this date.

In 2010, Mr A paid off his mortgage.

In 2016, Mr A cancelled the policy and complained to Prudential that it had been mis-sold. He said he had been unaware until then that the policy was in operation. He said he hadn't wanted the policy but the adviser had told him it would help with his mortgage application. He said the adviser promised he would cancel the policy before Mr A would have to pay anything for it but had obviously failed to do this.

Prudential didn't uphold the complaint. It said a Personal Financial Review (PFR) was carried out at the time of sale from which it was satisfied that the policy was suitable for Mr A. It was satisfied that the sales process would have been carried out appropriately and that Mr A would have been aware he had the policy.

Mr A was unhappy at Prudential's response and referred his complaint to us. Our adjudicator thought there was insufficient evidence to show the policy had been mis-sold. However, he thought Mr A should be able to claim a refund of premiums from the insurer from the time his mortgage had been paid off.

Mr A didn't accept the adjudicator's findings. He pointed to inconsistencies in Prudential's explanation of events. He said that, by contrast, he had a clear recollection of the sale. He maintained that the adviser promised the policy would be cancelled as soon as the mortgage was approved and consequently he was unaware it had been running for the past 25 years. He said if he had been aware of the policy, he would have claimed under it when he was made redundant in 1992 and cancelled it when he paid off his mortgage in 2010.

In view of the continued disagreement, the matter has 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. Having done so, I don't uphold this complaint. I shall explain why.

Prudential has been unable to provide much evidence from the time of sale but, given that this was over 25 years ago, I don't find this surprising. However, Prudential has provided evidence of the PFR. From this, I'm satisfied that the policy was broadly suitable for Mr A. The question is whether he was made aware he'd been sold the policy.

Mr A says he wasn't. And he has provided a reasonably detailed account of how the policy was sold. He also says that he would have claimed under the policy in 1992 had he known about it. Prudential, on the other hand, has provided inconsistent information. Prudential seems confused about, among other things, Mr A's employment status at the time of the sale and whether his policy included cover for redundancy.

It is difficult to know what really happened. But I think Prudential's failure to provide a consistent account may simply be down to the fact it is trying to construct what probably happened a long time ago from the very limited available information. I can't explain why Mr A didn't make a redundancy claim in 1992 if he was eligible to do so, or why he failed to cancel the policy when his mortgage ended. But neither do I think that Mr A has adequately explained why he remained unaware of the policy for so long even though a monthly direct debit payment for it was being taken from his bank account throughout this period.

Overall, I don't think Mr A has done enough to show he was unaware the policy had come into force in 1991. I therefore don't think I can reasonably conclude that the policy was mis-sold.

It appears that Mr A may not have been able to claim under the policy from the time he paid off his mortgage. The adjudicator explained that he could request a refund of premiums paid since then from the insurer. I understand Mr A will be doing this. However, because this is not anything to do with Prudential, I haven't included it in my final decision below.

my final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 June 2017.

David Poley
ombudsman