

complaint

Mrs H is complaining about a reviewable whole of life policy she holds with Sun Life Assurance Company of Canada (U.K.) Limited. She has said that she believes the policy was mis-sold and she's unhappy with the return from the policy.

background

Mrs H arranged a whole of life policy with critical illness cover in 1995 for £75,840. Recently she found out the policy would not provide her with the return she was expecting. Sun Life didn't uphold her complaint, as it believed the policy was suitable. It explained that it wasn't designed to provide a return on her premiums.

Unhappy with the response, Mrs H referred her complaint to this Service for review. The adjudicator who investigated felt the complaint should succeed. He was not persuaded that the policy was suitable for Mrs H at the time of sale. Sun Life disagreed and has asked an ombudsman to review the matter.

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 believe there are a couple of key issues at the heart of the complaint. I've taken everything into account but focussed upon those issues when reaching a decision.

Part of Mrs H's complaint relates to the return on the premiums paid. The policy is not an investment, but rather would build up funds for the purpose of subsidising future premiums. So I have focussed more specifically on the protection provided by the policy.

At the time of sale I note Mrs H was single with no dependants. Although she was living with her partner, to whom she is now married. I understand the policy provided life and critical illness cover for whole-of-life and the adjudicator suggests this level of cover was unnecessary.

Sun Life has commented that Mrs H held the policy for a number of years before complaining and would have known what cover it provided, and that it was reviewable. I understand this point and agree she ought reasonably to have known about the reviews.

I also think it's likely she knew the policy included life cover. It's recorded that there was a discussion about what level of life cover she wanted. But that does not mean the recommendation was suitable, or she knew that critical illness cover could be sourced without life cover.

Overall, I don't think life cover was a real priority at the time, and I can't say it was a particularly suitable recommendation in Mrs H's circumstances. I do believe that the critical illness element would have been of value as she would have received the benefit herself in the event of a claim.

With regard to the policy being a whole of life, I've seen no specific need for this. I appreciate it would have given Mrs H some flexibility, but I feel a term policy would have

made more sense. I can't say exactly what term she would have wanted, but a notional term of 27 years as suggested by the adjudicator is reasonable. That reflects the cover being in force until now.

I appreciate Sun Life says it never offered that type of policy at the time of sale, but it ought reasonably to have informed her of this. As I've seen nothing to suggest this happened, I feel it's fair and reasonable to uphold the complaint.

my final decision

My final decision is that I uphold the complaint against Sun Life Assurance Company of Canada (U.K.) Limited.

I direct it to refund the difference in premiums paid for the policy, and what a reasonably priced standalone critical illness from the open market would have cost. For the purpose of comparison the term used should be 27 years on a level cover basis, and for the same sum assured. Interest should be added to the refund at 8% simple per annum from the date each premium was paid, until the date of settlement.

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

Ross Hammond
ombudsman