Financial Ombudsman Service

complaint

Mr P complains Barclays Bank Plc (Barclays) mis-sold him a critical illness policy when he approached it to discuss a pension in 1994.

background

The background and circumstances of this complaint are set out within my provisional decision of 15 December 2015. A copy of this is attached and forms part of this decision.

Barclays accepted the conclusions of my provisional 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.

For the reasons outlined in my provisional decision, I am satisfied Mr P did not want or need this policy, and that Barclays mis-sold it to him.

my final decision

I uphold this complaint, and instruct Barclays Bank Plc to repay all the premiums Mr P paid on this policy. I also instruct it to pay interest at 8% simple per annum on each premium from the date each payment was made until the date of settlement.

This will put Mr P in the position he would now be in if he had never taken out the policy out. He will therefore not be entitled to the policy's surrender value.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 February 2016.

Tony Moss
ombudsman

Provisional decision

complaint

Mr P complains Barclays Bank Plc (Barclays) mis-sold him a critical illness policy when he approached it to discuss a pension in 1994.

background

Mr P was 21 and with no dependents, earning £14,000 a year. The policy had a sum assured of £80,000 and was set to run for 53 years.

An adjudicator at this service did not feel the complaint should be upheld. He said there was limited information from the point of sale so it was difficult to establish what had been discussed. But he did feel the policy was suitable for Mr P's circumstances at the time.

Mr P disagreed. He said he was told he needed the policy as cover for the endowment policy previously sold by the same advisor, and Barclays has since agreed this policy was mis-sold and offered compensation accordingly.

As no agreement could be reached, the complaint has been referred to me to review.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I recognise that critical illness plans can often provide valuable protection, and the fact that Mr P was 21 and single at the time of the sale doesn't automatically mean this wasn't an appropriate recommendation.

But, having considered the overall circumstances of this case, I am not persuaded this was a suitable recommendation for Mr P given his particular situation and the surrounding context.

From what I've read, Mr P young and single, living at home, wasn't paying any rent and didn't have any credit cards or debts. His financial responsibilities and liabilities were extremely limited. His 'need' for critical illness cover, at that point in time, was at best arguable. I accept his commitments were likely to increase in the future, but this wouldn't make the recommendation suitable at that time.

Mr P argued this policy, and an income protection plan which is the subject of a separate complaint, were both sold partly as protection to ensure he could pay the premiums on a previously-sold endowment policy.

Barclays has since accepted this policy was mis-sold, admitting there was insufficient evidence to justify the recommendation. This, in my view, is highly relevant to this complaint and adds to my concern about the suitability of the recommendation.

I've seen no evidence that Mr P's circumstances and objectives were properly discussed before this policy was recommended, and from what I've seen so far, I am not persuaded this was a suitable recommendation.

I recognise Barclays' argument that Mr P has retained this policy for some years, and received regular statements about it. But, in my view, this has no bearing on whether the original recommendation was appropriate.

my provisional decision

For these reasons, I currently intend to uphold this complaint, and instruct Barclays Bank Plc to repay all the premiums Mr P paid on this policy. I also intend to instruct it to pay appropriate interest, of 8% simple per annum, on each premium from the date each payment was made until the date of settlement.

This will put Mr P in the position he would now be in if he had never taken out the policy out. He will therefore not be entitled to the policy's surrender value.

Tony Moss
ombudsman