

complaint

Mr A complains that National Westminster Bank Plc ("NatWest") sold him a decreasing term assurance policy that he didn't need and which caused him unnecessary costs. He would like the premiums he paid refunded with interest.

In making his complaint, Mr A is represented by a claims management company.

background

In 2002, Mr A took out a loan with NatWest. He also started a decreasing term assurance policy which would repay the loan if he died while it was in place.

Mr A kept his policy until 2007, when it lapsed because the premiums were no longer being paid.

In 2015, Mr A's representative complained about the advice he'd been given. NatWest's advisor had insisted that he should take out the policy but didn't look at Mr A's circumstances to make sure it was suitable for him. He had some savings and could have sold his car if he had any difficulty making the loan repayments and his family could have helped. He had his own business which would have continued to run without him.

NatWest said the policy wasn't a condition of Mr A having his loan and he hadn't received any financial advice from it about starting the policy. It was up to Mr A to decide what type of life assurance he needed.

Our adjudicator didn't think that Mr A's complaint should be upheld. He said the policy was set up to match Mr A's loan and his circumstances suggested that it was suitable for him to protect the loan.

Mr A's representative didn't accept the adjudicator's findings and asked for the complaint to be reviewed.

my findings

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

Because of the passage of time since the policy was taken out and from when it lapsed, there is little information still available from when Mr A started his decreasing term assurance policy.

But I have looked through all of the information that has been provided, and taken into account Mr A's recollections.

Mr A was taking out a significant financial commitment in this loan. Looking at his particular circumstances, I think it was prudent that he should look to protect his ability to repay the loan if he died while it was still owed.

I do appreciate that Mr A had family and savings that may have been used to repay the loan. He also ran his own business. But having the life assurance in place would have meant the loan could have been fully repaid if Mr A passed away, without needing to rely on these resources during what would be a difficult time.

From the information provided, it isn't clear what advice NatWest gave Mr A about taking this policy out. Although it has told us that no financial advice was given, the file notes from the loan indicate that it was taking a legal charge of the policy and that an introducer confirmed the premium and interest rate for the policy to Mr A.

But, overall, I think that Mr A's decreasing term assurance policy was a suitable way of protecting his NatWest loan, and I don't think it was mis-sold to him.

my final decision

My 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 5 February 2016.

Cathy Bovan
ombudsman