

complaint

Miss K complains that Legal and General Assurance Society Limited mis-sold her a mortgage endowment policy. Miss K says Legal and General led her to believe that the policy would pay out enough to cover her mortgage.

background

In 1990 Legal and General sold Miss K and her former partner a with-profits endowment policy. The policy was surrendered in 1996. The target value of the policy was around £33,000, which is the amount Miss K would've needed to pay off her mortgage in combination with other endowment policies she had taken out.

Miss K says that when she took out the policy she was told it would meet the target amount. She says that if she'd been warned that there could be a shortfall, she'd have taken out a repayment mortgage instead.

In 2015 Miss K complained to Legal and General. Legal and General responded by saying that because the policy was surrendered in 1996 it didn't have any paperwork and that it was not able to assess whether the policy had been mis-sold.

Our adjudicator didn't think Legal and General mis-sold the policy to Miss K. He had not seen any evidence Legal and General guaranteed the policy would pay out £33,000. And, based on Miss K's circumstances, and those of her then partner, at the time they took out the policy, he didn't think it was inappropriate for Legal and General to recommend the policy.

Miss K disagrees and so the complaint has been passed to me.

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 I will now explain, I've reached the same view as our adjudicator.

When Miss K and her then partner took out the policy they were working in jobs that did not require any expertise in finance and investments. So I think they would've relied heavily on what they were told by Legal and General when it was selling the policy to them.

I don't know what the advisor from Legal and General told Miss K or her partner. I fully expect that Legal and General portrayed the policy in a favourable light and downplayed any risk. In 1990, at the time the policy was sold, with-profits endowment policies were generally considered to involve a low amount of risk. And the advisor from Legal and General would not have expected there would be a shortfall at maturity. So he or she probably conveyed this to Miss K and her partner. But there isn't enough evidence for me to find that Legal and General guaranteed the policy would pay out its target amount at maturity.

Having considered Miss K and her former partner's circumstances at the time they took out the policy, I don't think it was wrong for the advisor to recommend the policy to them. Miss K has told us that she and her partner were cautious people. At the time the policy was sold it was considered a low risk product. From the information I have seen, there was nothing about Miss K's or her partner's circumstances that would've made this policy not suitable for them.

I know my decision will be a disappointment to Miss K. However, I'm not persuaded that Legal and General's advice was unsuitable for Miss K at the time it was given.

my final decision

My final decision is that I don't uphold the complaint against Legal and General Assurance Society Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 19 February 2016.

Daniel Sheridan
ombudsman