

complaint

Mr and Mrs F complain about a mortgage endowment policy sold to them in 1994 for which the Prudential Assurance Company Limited is responsible. They say the policy was mis-sold, it wasn't suitable and was sold to maximise commission. They also query the sales process as a whole. The policy had a target value of £38,500.

background

Mr and Mrs F wrote to the business which didn't uphold their complaint. In summary it said it saw nothing to suggest the sale was unsuitable. Unhappy with that Mr and Mrs F came to us. One of our adjudicators looked at the complaint but didn't think it should be upheld.

In summary he thought the length of time since the sale made it very difficult to know what had happened. The policy sold was considered very low risk at the time and poor performance wasn't, on its own, enough to uphold a complaint.

Mr and Mrs F responded saying their complaint wasn't just about risk it was about the sales process (how the policy had been sold to them). For instance they thought the policy had been sold to generate commission rather than because it was the best product for them.

They remained unhappy and as they are entitled to do, they asked for an ombudsman's final decision. The file 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. Having done that, I don't uphold this complaint. I know this isn't what Mr and Mrs F want.

I can understand why Mr and Mrs F complained and I hope that having their complaint considered and some explanations given has been at least helpful to some extent. Mr and Mrs F have clearly had some difficult times since the sale. I can only hope things have improved for them.

This sale took place in 1994. That is now some 23 years ago. Inevitably any evidence will be old, incomplete and possibly contradictory. There is nothing I can do about that. All I can do is look at what we know about what happened at the time. At the time policies like this were thought very low risk. They were suitable for most.

Here, Mr and Mrs F were buying their first property with some cash assistance from their local authority. There seems to have been some issue over a credit record which meant the mortgage couldn't be in joint names. It was very common at the time for mortgages to be available only if a mortgage endowment policy was taken out at the same time. Mr F was working and Mrs F was a housewife. The levels of income compared to the mortgage were within the usual limits at the time.

Some advisors received commission some did not. Simply because commission was paid however does not automatically mean a sale was "bad". Also it was often the case at the time that the only way a mortgage could be obtained was with an endowment policy. That was particularly true if there was some issue over things like credit references.

I must only uphold a complaint where I have some good reason. It is of course entirely *possible* this policy was mis-sold. The difficulty is in being satisfied there is evidence that it *was* mis-sold rather than *might* have been. Here, a mortgage was arranged in the way many were at the time. There was no obvious reason why that sale was “bad”. The fact that Mr and Mrs F have had difficulties since was not, of course, something the business could have known.

my final decision

I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs F to accept or reject my decision before 23 April 2018.

Mike Boyall
ombudsman