

complaint

Mr A complains about the administration of his Phoenix Life Limited whole of life policy. In particular he complains about the policy's charges and its surrender value.

background

Mr A took out a unit linked whole of life policy (which was called a Lifetime Security Account) in 1993. The policy was sold to him on an execution only basis. It provided life cover of £16,089 and the premium was increased in 2003. Mr A complained to Phoenix Life in 2014 about the surrender value of the policy and the charges that were being applied. He was not satisfied with Phoenix Life's response so complained to this service.

The adjudicator did not recommend that this complaint should be upheld. He concluded that: Phoenix Life had administered the policy correctly; the charges were not out of the ordinary; and the charges had been explained to Mr A. He said that the policy was taken out on an execution only basis so he was unable to consider the suitability of the policy for Mr A.

Mr A has asked for his complaint to be considered by an ombudsman. He accepts that he took out the policy on an execution-only basis. But he says that he was a staff member and that the new business department said that this was a good investment opportunity. He says that it appears that units are being cashed at a faster rate than they are being bought and he is concerned that the premium will not be sufficient to cover the charges and provide the life cover that he had expected.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mr A signed an Execution-only Business Disclaimer Form in March 1993 and he accepts that he took out the policy on an execution-only basis. So his needs and the suitability of the policy for him were not considered and it was Mr A's decision to take out the policy.

I find that Mr A was provided with enough information to explain the policy to him and that he was aware of the charges that would be applied. The terms and conditions of the policy say that the policy administration charges and management charges are set by the insurer at its absolute discretion. So it was a commercial decision for the insurer to determine the level of charges that are applied to the policy. This service does not normally interfere with an insurer's legitimate commercial decisions. I do not consider that it would be fair or reasonable for me to interfere with the charges for the policy that have been made by Phoenix Life.

Mr A has received the benefit of the £16,089 life assurance cover under the policy and the policy had a surrender value of £911.10 in 2014. I can understand Mr A's disappointment that the surrender value of the policy is less than he would have liked, but I am not persuaded that the evidence shows that the policy has been administered incorrectly.

I find that it would not be fair or reasonable for me to require Phoenix Life to pay any compensation to Mr A or to take any other action in response to his complaint.

my final decision

For these reasons, my decision is that I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr A to accept or reject my decision before 2 November 2015.

Jarrold Hastings
ombudsman