

complaint

Mrs Y has complained that she was mis-sold an income protection insurance policy by The Prudential Assurance Company Limited. She has also complained about aspects of Prudential's administration of the policy since then.

background

In 1999, while in the process of obtaining a mortgage, Mrs Y met with an adviser from Prudential and agreed to take out an income protection insurance policy underwritten by Prudential. The policy would pay a monthly benefit, after a waiting period of thirteen weeks, if Mrs Y was unable to work due to illness or injury.

In 2018, with the policy still in force, Mrs Y complained to Prudential that the policy had been mis-sold. Prudential didn't uphold her complaint. Mrs Y therefore referred her complaint to us. She complained, in particular, that the commission paid to Prudential's representative had been excessive.

Our investigator didn't uphold the complaint. He was satisfied Prudential had done nothing wrong.

Mrs Y didn't accept the investigator's findings. She raised various concerns, including that she hadn't received regular reviews which had been promised,

In view of the continued disagreement, the matter has been passed to me for a 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. Having done so, I don't uphold this complaint. I shall explain why.

The investigator initially explained to Mrs Y why he felt the sale had been conducted properly. He later said that he couldn't consider events before 1 February 2003 and therefore his consideration of the merits of Mrs Y's complaint was confined to Prudential's actions since that date.

While it is true that there was a change to our rules on 1 February 2003, I can't see that this prevents me from considering a complaint brought now about an event in 1999 given that Prudential has apparently consented to us considering the matter.

The evidence shows that, at the time of sale, Prudential's adviser carried out a fact find which showed that Mrs Y had a need to protect her income against the risk of long-term inability to work. The adviser recommended that Mrs Y take out an income protection insurance policy which would pay benefit in the event she was unable to work because of accident or sickness. I'm satisfied this was a suitable recommendation. The adviser also recommended a sum assured, a waiting period and a policy duration which appeared to be appropriate for Mrs Y's circumstances at the time. The adviser set out her recommendations in a report which made clear that Mrs Y was not obliged to follow the adviser's recommendations. I see no reasonable grounds for concluding that the policy was mis-sold.

When she complained to us, Mrs Y's chief objection was that the commission paid to Prudential's adviser was excessive. Mrs Y has since admitted that she didn't know how much commission had been paid but that she recalled being told at the time that it would consist of a lump sum initial payment followed by regular payments during the lifetime of the policy. Prudential has explained that the amount of commission would have been stated in an illustration given to Mrs Y at the time of sale. I'm satisfied that this is likely to have happened and, while Prudential was no longer able to provide a copy of the illustration, I don't find this surprising given the passage of time. Prudential has also provided details of the commission which has been paid to the adviser and I don't consider this to be excessive.

Mrs Y has also said that she wasn't provided with regular reviews as promised. The only reference I can find to reviews is that the policy was subject to a review by an actuary after five years and occasionally thereafter. This was to determine whether the premium was adequate to deliver the particular sum assured; I don't consider that this was a promise to review Mrs Y's individual circumstances.

Mrs Y has also raised a concern that she should have been allowed to claim benefit under the policy when she temporarily stopped working in 2013. As far as I can gather from Mrs Y's explanation, she chose to stop working rather than was forced to do so for medical reasons. In any case, if she didn't make a claim at that time, I can't see how Prudential was at fault in any way. She later resumed working but for fewer hours.

Mrs Y says she would like to receive some unbiased financial advice to evaluate her circumstances and ensure the policy is appropriate to her needs. With respect, there is nothing stopping her from seeking such advice from an independent adviser. In particular, if Mrs Y has reduced her working hours, this presumably has had an effect on her earnings. I don't have any information about Mrs Y's current income but if this should be insufficient to support the full sum for which she is insured (i.e. she is now over-insured), she may be able to ask Prudential for a partial refund of premiums on the grounds that it has been receiving premiums without running the full risk attached to that level of premium.

However, in terms of the complaint that has been brought to this service, I don't find that Prudential has done anything wrong.

my final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Y to accept or reject my decision before 25 December 2019.

David Poley
ombudsman