

complaint

Mr and Mrs D complain they were mis-sold a term assurance policy by The Prudential Assurance Company Limited. They say they believed the policy provided cover over the whole of their lives. Mr and Mrs D are also unhappy that they weren't informed that the policy had ended and were surprised they didn't get any money back.

background

In 1990 Mr and Mrs D took out a term assurance policy with a term of 20 years and a sum assured of £10,000. The policy ran its term and ended in 2010.

Mr and Mrs D say they were misinformed about the policy and thought it provided cover until they died rather than having a set term. They were upset that they didn't get any of the money they paid back and that they weren't told the policy had ended.

Prudential says the term assurance covered Mr and Mrs D but only for its 20 year term and not for the duration of their lives. It says the proposal form and illustration for the policy shows the term selected was 20 years and that Mr and Mrs D would have received further documents shortly after the policy started which would also have stated this. It says the point of sale documents don't state specifically why they selected the 20 year term but that as they were married it was reasonable to assume they wanted to provide protection for each other.

Prudential has apologised for the fact that Mr and Mrs D didn't realise the policy was due to end and said they should have received a letter. It has also explained they no longer had door to door representatives offering financial advice at the time the policy ended and no longer sell the type of policy Mr and Mrs D had taken in 1990.

Our adjudicator didn't feel the complaint should be upheld. She said the evidence from the time of sale showed that the policy was designed to provide a set sum during a term of 20 years in the event that either Mr D or Mrs D had died. She added that the policy had been recommended because Mr and Mrs D had young children.

Mr and Mrs D didn't agree, saying they weren't happy that they don't currently have life cover and that Prudential didn't tell them the policy had ended.

As agreement has not been reached on this matter, it has been referred to me for review.

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 and Mrs D's policy provided cover of £10,000 for 20 years in the unfortunate event of the death of either of them. The point of sale documents which have been supplied record the purpose of cover as providing protection because they had two young children. The point of sale documents suggest Prudential's recommendations were given with affordability in mind and indeed it appears that Mr and Mrs D were able to pay the premiums throughout the term. As such the policy appears on the face of it to be suitable in my view. The point of sale documents don't record exactly why the 20 year period was selected but this time frame should have ensured their children were old enough to be financially independent.

I note that Mr and Mrs D say they were expecting the policy to run on until they died. There is no transcript or recording of their conversation with the Prudential representative and so I can't be sure exactly what was discussed. Whilst I don't doubt Mr and Mrs D's recollection of the meeting, I have to make my decision on the basis of the available evidence and the policy proposal form which they have signed states the term of the policy is 20 years and that it will pay out only during the term.

Mr and Mrs D say they were surprised not to have received any money back when the policy ended. I note that an endowment policy was also recommended to Mr and Mrs D at the same meeting and it may be that this led to some confusion regarding this term assurance also being an investment product. The application form which they signed for the term assurance policy, however, did state that it had no surrender value and that Prudential would not make any payment if both of the lives assured lived beyond the term of the policy.

In the case of both the 20 year term and the lack of surrender value it wouldn't in my view have been unreasonable for Prudential to expect Mr and Mrs D to have raised this with them if this wasn't what they wanted or expected.

Mr and Mrs D are unhappy that they were not told that their policy was ending. Prudential has agreed that Mr and Mrs D should have been sent a letter regarding this and has apologised to them. As such I don't believe it would be appropriate for me to direct any further redress in this regard.

The evidence provided doesn't suggest other than that the policy would have paid out in the unfortunate event of a valid claim being made during the policy's term. As a result and given the arguments above, it wouldn't be fair or reasonable for me to direct Prudential to refund the premiums Mr and Mrs D have paid.

my final decision

My final decision is that I do not uphold the complaint and I make no award.

Helen McKenna
ombudsman