

complaint

Mrs R complains she was mis-sold a term assurance policy by The Prudential Assurance Company Limited ("the Prudential").

Mrs R thought she bought a whole of life policy with monthly premiums for life, payable on death only. She also feels her employee pension wasn't taken into consideration by the adviser.

background

One of our adjudicators investigated Mrs R's complaint and recommended that the complaint shouldn't be upheld.

In short, the adjudicator found:

- The term assurance policy was a suitable recommendation.
- Pension benefits are generally not an adequate replacement for life cover.

Mrs R disagreed with the adjudicator's conclusion and maintains on principle the policy was mis-sold.

As no agreement has been reached the complaint was referred to an ombudsman for review.

my findings

I've considered all the available evidence and arguments from the outset, in order to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I broadly agree with the conclusions of the adjudicator and for the same reasons.

Mrs R was recommended a term assurance policy in June 1996. She selected a policy with a £6.00 regular monthly premium and £30,000 cover, guaranteed to be paid in the event of death. The policy was for a 17 year term, due to expire in June 2013.

In June 2014 Mrs R says she noticed her monthly premium had not been taken out since June 2013. Checks by Mrs R revealed that her direct debit was still in place but no payments had been taken.

Mrs R says she telephoned the Prudential and after speaking to an adviser was informed the policy was a fixed term policy. Subsequently Mrs R complained. The Prudential maintained the policy was not mis-sold and Mrs R had signed all the relevant paperwork, demonstrating an understanding of what she was buying.

Mrs R says she thought the policy was for the whole of life. I'm mindful of her recollection in that regard. But the available evidence doesn't support the position that this was the case.

I note on the very first page of the application form under the heading 'proposed life cover', it says the selected term was '17 years'. Therefore in my view the application form made it reasonably clear the benefit would be paid out in the event of Mrs R's death within the 17 year term only.

Furthermore, the application form was signed by Mrs R. I've noted she accepts doing so, but the application form was signed under the following notice:

"Before signing and submitting this Application please review it and the Health Questionnaire to be sure that all the information is correct"

The application form was also signed by the adviser under the following declaration:

"I, the representative, have referred the customer to the declarations above, which they have read and understood."

I'm therefore satisfied the information on the application form was correct and Mrs R knew or ought to have known having read through the application form, that she was buying a term assurance policy.

Having seen a copy of the fact find document detailing Mrs R's financial circumstances at the time, I note primarily Mrs R had two dependants. The youngest child was one year old.

The purpose of a term assurance policy is generally to provide protection for a specific period of time. This may be to protect the term of a mortgage or to provide a benefit until the youngest child reaches financial independence, usually at 18 or 21 years of age. In the current circumstances, a term assurance policy for 17 years would've provided cover until Mrs R's youngest child was 18 and likely to no longer be financially dependent. Therefore I don't think the policy was unsuitable.

I also note under the heading 'Life assurance' in the box marked 'Our recommendations', there is a handwritten note by the adviser. It reads:

"I advised [anonymised] on the need for life cover of £115,700 and Mrs R for £79,500 to protect dependants in the event of death. Mrs R would just like a quote for £30,000 cover for 17 years."

In my view the above handwritten note confirms that discussions took place relating to the policy and its suitability. And Mrs R having received advice selected the level and duration of cover that she wanted. Mrs R specifically chose a term assurance for 17 years, with less cover than advised. Therefore in the circumstances I can't reasonably conclude that the term assurance policy was mis-sold.

Mrs R says the adviser should have taken into account her employee pension when making the recommendation. I agree with our adjudicator that employee benefits are not generally regarded as an adequate replacement for life cover, because these benefits are not guaranteed.

It would have been the case that employee benefits would've only been available for the duration that Mrs R remained in that particular employment, whereas the policy would continue to run as long as the premiums were paid.

In light of the evidence I've seen, I'm satisfied this policy wasn't mis-sold or unsuitable.

my final decision

For the reasons that I've explained above I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs R to accept or reject my decision before 22 June 2015.

Dara Islam
ombudsman