

## **complaint**

Mr H and Ms O complain that they were mis-sold a reducing term assurance policy by The Prudential Assurance Company Limited.

## **background**

In 2000 Mr H and Ms O took out a mortgage and at the same time took out the policy. They continued to pay the premiums until 2014 even though they didn't have a mortgage after 2009. In 2014 they complained to Prudential that they had been told the policy was mandatory and the policy terms hadn't been properly explained. They also said that they thought they had taken out life insurance rather than mortgage protection.

The business rejected the complaint and said the policy documentation made the terms and conditions clear. It also said that it hadn't been notified they had paid off their mortgage. They brought their complaint to this service where it was investigated by one of our investigators who didn't recommend that it be upheld.

Ms O said that the proposal documents show that the meeting with the adviser was to "*purchase our first property and obtain mortgage finance*". They declined to accept any of the advisers other recommendations and only took out the policy because they thought it was condition of the loan. They weren't told the policy could only be used to cover any outstanding loan and presumed they had life cover which would have paid out even after they paid off the mortgage.

The investigator found no reason to conclude Mr H and Ms O had been told the policy had been a condition of the mortgage. He also thought it a suitable recommendation by the adviser to offer protection should either of them pass away. There was no evidence of any other life cover and he didn't think any protection offered by Mr H's employer was suitable.

He acknowledged the application form states their primary goal was to purchase a property and obtain mortgage finance. But he didn't think that was the same as saying that they could only get a mortgage loan if they took out the policy. He felt the wording on the form showed that obtaining a mortgage and taking mortgage protection were separate. He also obtained confirmation from Prudential that the policy would have paid out to the surviving spouse regardless of whether they had a mortgage or not.

Mr H and Ms O didn't agree and said at the meeting it was made clear to them that they had to take out the policy. They also maintained that the term and conditions weren't made clear.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have every sympathy with Mr H and Ms O, but I find myself in agreement with the investigator. I cannot say what was said at the meeting with the adviser, but I am satisfied that the granting of a mortgage wasn't conditional on them taking out the policy. I have seen nothing that suggests Mr H and Ms O were lead to believe otherwise despite their recollection to the contrary.

I also agree that it was suitable advice to ensure a surviving spouse had some form of protection especially as they have dependent children. I appreciate that Mr H had an employer's scheme which would have paid out on his death. However, such death in service benefits are not considered suitable for mortgage cover. The difficulty with such schemes is that they are by no means guaranteed to remain in place until the end of the mortgage term for any number of reasons. For example, Mr H may have changed jobs. As such I do not consider it was unreasonable for the adviser to discount this cover when making the recommendation to take out the term assurance policy.

Prudential has confirmed that the policy would have paid out despite Mr H and Ms O having paid off their mortgage early and so I don't consider that aspect of their complaint can be upheld. In conclusion I don't consider I can safely uphold their complaint.

**my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Ms O to accept or reject my decision before 9 November 2017.

Ivor Graham  
**ombudsman**