

## **complaint**

Mr C complains about the advice from the Prudential Assurance Company Limited received to take out a low cost with profits endowment policy in 1990 as a means of repaying his mortgage.

For a number of reasons he says (through a representative) that the policy was mis-sold, including; that no other mortgage repayment options were discussed; his attitude to risk was not assessed; he didn't need life cover; and that he was told the proceeds from the endowment at maturity would repay his mortgage and pay a bonus on top. He says no risks were discussed.

## **background**

The business didn't uphold the complaint. It said as far as it could see the policy was suitable. It was sold to support a mortgage obtained under the government's right to buy scheme with Mr C's grandfather.

Mr C came here. One of our adjudicators looked at the file but also didn't uphold the complaint. She said that Mr C's circumstances didn't suggest the policy was obviously unsuitable. He was a joiner earning £9,000. The policy's target value was £27,000, within the usual lending limits. He had some limited experience of savings and investments.

At the time of the sale with profit policies like this were thought low risk and suitable for most. The housing market was still recovering from a turbulent and very difficult time. The adjudicator thought life cover was appropriate - especially given the involvement of Mr C's grandfather. It also may have been a requirement of the lender.

On balance, she thought she couldn't say the policy as mis-sold.

The representative didn't agree and asked for an ombudsman's final decision and the file has been passed to me. It said, in summary:

- Mr C's attitude to investment risk wasn't discussed.
- It understands it wasn't a requirement to record a client's attitude to risk but the evidence, including the lack of alternatives and the failure to assess risk means the policy risks were not discussed.
- Mr C had limited experience of mortgages and was very heavily reliant on advice.

## **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 know this isn't what Mr C wants.

This sale took place now some 28 years ago. That will inevitably bring its' own problems. Any evidence will be old, probably incomplete and possibly contradictory. All I can do (what I must do) is make a decision based on the balance of probabilities - what I think most likely to have happened. Also I cannot use hindsight in making a decision. At the time of the sale

these policies were thought of as safe. It was very common for them to be sold in connection with a mortgage offer.

In fact often they were the only way a mortgage could be obtained. Here, the sale was a “right to buy” transaction. Mr C would, I am sure, not want his grandfather to be left trying to repay a mortgage in the (unlikely) event of him passing first. In any event, at the time life cover was sometimes a condition of lending. The time of the sale was a period of great turmoil in the market and economy. Mortgages were not regulated in the way they are now. There was, as the adjudicator said, no requirement to record attitude to risk or to discuss alternatives.

I accept that most policies were “sold” rather than “bought” and that consumers were often heavily reliant on the advice given. That of course doesn’t make such advice “bad”. This policy *could* have been mis-sold. It may be that Mr C’s recollections that risk wasn’t discussed might be an accurate memory from the time. However it is also likely to be the case that the necessary documentation and warnings were provided to Mr C.

Overall although I can perfectly well see that this policy *might* have been mis-sold I don’t find that I can fairly say it was.

#### **my final decision**

I don’t uphold this complaint. Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 17 September 2018.

Mike Boyall  
**ombudsman**