

## **complaint**

Represented by a claims management company ("CMC"), Mr and Mrs G complain about a whole of life policy sold to them by Legal & General Assurance Society Limited ("L&G") in 1990.

They say the policy was mis-sold as a term assurance would have been more suitable, and Mr and Mrs G didn't understand that it was reviewable.

## **background**

At the time the policy was sold to them, Mr and Mrs G were in their twenties and married with a young child. Although they had a mortgage, this was protected by an endowment policy. The additional life cover provided by the policy was intended to provide more general family protection.

The adjudicator who investigated felt the complaint should not be upheld. He said that the life cover was broadly appropriate for their needs, and they ought reasonably to have understood the reviewable nature of the policy. In particular he noted the policy had undergone reviews which would have made Mr and Mrs G aware, or given them reason to query how it worked.

The CMC disagreed on a number of points. In summary it said that Mr and Mrs G would not have necessarily known about the way the policy worked – even though there had been previous reviews. It also said that if protection for their child was the priority, then a level term assurance until the child's 18<sup>th</sup> birthday would have been more suitable.

As no agreement was made I've been asked to review the complaint and reach 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.

Whilst there are a number of wider issues which I have taken into account, there are two key points that I consider central to the complaint:

- Would a term assurance policy have been more suitable than whole of life?
- Were Mr and Mrs G informed about the way the policy operated?

Unlike a policy which is intended to protect a specific need such as a mortgage, there is no set amount and term that I've seen that was required by Mr and Mrs G. The life cover was evidently intended to provide family protection.

I note the CMC has said the cover was needed to provide for their dependant child in the event of Mr or Mrs G's death. And so it also says that the term of cover was only needed until their child would reach the age of 18.

Whilst I understand the reasoning for the CMC's comments, I'm of a different view. I'm not persuaded the policy was intended only for child protection, but rather the family as a whole. Mr and Mrs G's child may have been financially dependent until older than 18 and the cover protected them all whilst in force. If they no longer wanted cover at any point they could

cancel the policy, but if gave them the flexibility for as long as might want. In this instance, I can't say that was unsuitable.

The reviewable nature of the policy was one of its key features. It was taken out on a maximum cover basis which meant high cover for a lower cost guaranteed for the first 10 years, but the cost of cover would likely increase after reviews in the future.

I can't be sure what was discussed at the time of sale in 1990, but overall I believe Mr and Mrs G would have been aware of this. The policy documentation issued at the time would have confirmed the policy was subject to reviews, but more importantly I note reviews have been carried out on the policy.

In 2000 a review was completed but no changes were required. This was confirmed to Mr and Mrs G in writing and they never queried what the review was. But even if they didn't pay attention to that review, a second one was held in 2005 where the premium had to increase to maintain the sum assured. I'm persuaded that if this wasn't in keeping with their understanding they would have queried or complained then.

I also note the CMC has said Mr and Mrs G didn't want or need any element of investment. A whole of life policy is first and foremost a protection product, and although a small investment can build up, this is intended to help subsidise the cost of future premiums. And so I don't think the policy would be unsuitable on that basis.

Overall, I'm satisfied Mr and Mrs G had an appropriate policy which provided general family protection so long as the premiums were paid. It gave the flexibility of being able to run for whole of life, but could be cancelled at any time if they no longer wanted cover.

As I can't say L&G did anything wrong, and I note Mr and Mrs G benefited from the cover provided by the policy, it wouldn't be fair and reasonable to direct a refund of premiums now.

### **my final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 30 December 2015.

Ross Hammond  
**ombudsman**