

complaint

Mrs L's complaint concerns her endowment savings policy with The Prudential Assurance Company Limited. The policy was started in 1987 for 30 year term with a monthly premium of £30. Mrs L says she was told the maturity value would be around £50,000, both by the adviser and in a written illustration. But the policy's now matured and paid out much less.

background

Our adjudicator didn't recommend Mrs L's complaint should be upheld. In brief, he didn't think there was sufficient evidence that a guarantee had been given to Mrs L that the policy would mature with a value of £50,000 or more. He explained that the figures quoted in illustrations were intended for guidance only.

Mrs L didn't agree with the adjudicator's view. She reiterated that she felt the figures provided in 1987 were guaranteed and she questioned how she could therefore have lost half her money.

As no agreement could be reached, the matter's been referred to me to decide.

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've come to the same conclusions as the adjudicator and for broadly the same reasons.

I can appreciate it will have been very disappointing for Mrs L to only receive the amount she did from her policy's maturity when there were clearly discussions of much higher amounts back in 1987.

I don't doubt that those discussions would've been very positive about the policy's potential to produce a good return. But while I note Mrs L's recollections of those discussions, the written evidence from the time does indicate that she was told that the amounts in question were illustrations of what *might* be achieved by the policy, as opposed to guarantees.

It should be remembered that towards the end of the 1980s interest rates were around the 10% mark. And as such the rates used to produce illustrations for investment returns were at a similar level. But over the last 30 years investment returns have been extremely variable and the return achieved by Mrs L's policy reflects this.

A letter sent to Mrs L just after the policy started, which she says she requested to confirm what she had been told by the adviser, did quote a maturity figure of just over £55,000. But the letter went on to say that the benefits "may be significantly different (greater or lower)". I think it's reasonable to conclude that if Mrs L had been seeking confirmation of a guarantee offered by the adviser, this letter wouldn't have provided the comfort she was seeking. I think it more likely than not that if a guarantee had previously been given then this letter would have led Mrs L to question what she'd been told.

In respect of the sale of the policy to Mrs L, as the adjudicator explained, the regulations for advisers in 1987 were very different from those of today. A recommended investment simply had to be "appropriate" for a consumer's circumstances at the time (*ie* a reasonable fit).

The objective at the time was to put something in place to support Mrs L in retirement. And given that she wasn't working at the time I've not seen anything to suggest that the policy was an inappropriate means by which to meet that objective. There doesn't seem to have been any issue with affordability.

my final decision

For the reasons given, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 1 August 2016.

James Harris
ombudsman