

The complaint

Mrs A and Mr A have complained about advice received from Lloyds Bank Plc when taking out a whole of life policy in July 1996. They think they were mis-sold the policy by Lloyds as they were not told about annual reviews after either of them turned 70 years of age. They said, if they had known about this, they wouldn't have taken out the policy.

What happened

Mrs A and Mr A took out a whole of life policy after taking advice from Lloyds in July 1996. The policy was set up on a maximum protection basis, providing joint life cover on a first death basis. They initially paid monthly premiums of around £59, and the sum assured was £45,900.

Mrs A and Mr A complained to Lloyds saying they weren't made aware the policy was reviewable annually after they turned 70. They said they were told reviews would be 5 yearly up to age 70, at which time the premiums and sum assured would remain stable. They said they were not told the full story when they agreed the policy.

Mrs A and Mr A added that they received documentation in 2017 that stated the premium and sum assured were on a level term basis. They said at some point, reviews did not take place – which meant they were not aware sooner that the policy was unsuitable. Mrs A and Mr A said they want the sum assured to stay the same and the premium of £74.34 to remain for the remainder of the policy term.

Lloyds said it was a reviewable whole of life policy that Mrs A and Mr A took out in July 1996. It said they applied for the options plan and agreed to set it up on a maximum protection basis. It said contractual reviews formed part of the plan. It said life cover becomes more expensive as policy holders get older, so reviews need to happen. It said it can see the options plan is auto-reviewed every five years and then after age 70 reviews are annual. It said it cannot agree that it did anything wrong or the policy was mis-sold.

Mrs A and Mr A remained unhappy so brought their complaint to our service where one of our Investigators looked into what happened. The Investigator didn't uphold Mrs A and Mr A's complaint. He said he could see from the documentation created at the time of sale, that Mrs A and Mr A were given information about the reviewable nature of the policy. He gave examples from the documentation where this was highlighted. He said Mrs A and Mr A signed a financial interview document that showed the reviewable nature of the policy was discussed. He said he was satisfied the policy wasn't mis-sold to them.

Mrs A and Mr A disagreed. They said they were fully aware of five-year reviews from the date they took the policy out. They said they were also aware the premiums would potentially increase, or the sum insured reduce during these reviews. They said their complaint is that they were not told about annual reviews once either of them turned 70. They said they were led to believe the policy conditions would be stable from this point. Mrs A and Mr A said this is supported by documents sent to them in 2017, that state the policy was level term.

Mrs A and Mr A said they did not receive a letter or an options policy pamphlet in 1996 and that Lloyds cannot prove they sent these documents. They said it cannot provide proof of postage or any other evidence regarding this. They said they were not given any information about reviews being on an annual basis from aged 70 and wouldn't have proceeded with the policy if they had known this was the case.

So as Mrs A and Mr A's complaint hasn't been resolved between the parties, it has come to me for a decision.

What I've decided – and why

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

Mrs A and Mr A have said reviews after a certain point, didn't take place and that if these reviews had happened, they would've seen the policy was unsuitable for them sooner. I can see this part of their complaint, is being looked at separately so I haven't looked into their concerns about this any further.

What I have looked into is whether Mrs A and Mr A were mis-sold the whole of life policy from Lloyds in 1996. They have said they wouldn't have agreed to have the policy if they were made aware there would be annual reviews after either of them had turned 70 years of age. So, I have looked into this.

I am not upholding Mrs A and Mr A's complaint for the following reasons:

- Having read through a financial review document completed by Lloyds, I can see Mrs A and Mr A wanted cover and held a need for a whole of life policy. I can see that the policy Lloyds recommended to them met that need. This hasn't been in dispute between the parties, that the policy was something Mrs A and Mr A wanted.
- The financial review document also mentions the need for a review. I can see under section 10.1 'First recommendation' that this is mentioned along with the possibility of increased premiums or reduced cover. So, it is clear to me, after reading this, that the need for reviews was discussed by the parties in July 1996 when they were arranging the policy.
- That said, Mrs A and Mr A have said to our service that they were fully aware of the need for reviews on their policy. They said they were also aware that the premium they were paying would potentially increase or the cover reduce. They have been clear about this themselves. What they are complaining about, is about what happened when either of them reached 70 years of age. They said they were not aware there would be annual reviews at this stage and thought that the reviews would stop. They thought the premium and sum assured would stay the same from this point going forward. So, I consider this issue to be the crux of their complaint and have looked further into this.
- Lloyds said it sent a letter with several documents to Mrs A and Mr A on 13 October 1996. It said it sent a cancellation form, policy conditions, a schedule, a client specific documents and a financial appraisal form. It said it sent all this to them around 3 months after the meeting took place. Mrs A and Mr A on the other hand said they did not receive this letter with all the documents Lloyds said it sent. Mrs A and Mr A said they agreed and signed papers in the meeting in July 1996 and consider the arrangement completed at that stage. So, there is a difference of opinion here between the parties.
- Mrs A and Mr A have said Lloyds haven't been able to prove it sent the letter and

documentation to them. They said it should have been able to provide proof of postage or tracking information. Lloyds said it sent the letter and documentation on 13 October 1996, this being around 27 years ago. So, I think it is understandable, considering the significant amount of time that has passed, that it wouldn't have retained proof of postage in this instance.

- I have seen a copy of the letter Lloyds say it sent to Mrs A and Mr A on 13 October 1996. I have looked carefully through this letter and can see it is dated and addressed to Mrs A and Mr A; at the property they currently reside at. Lloyds have listed the documentation that it says in the letter were enclosed. I acknowledge Mrs A and Mr A's comments here that they did not receive the letter or these documents. But when I see a copy of the letter and what is said within it, on balance, I think it's more likely than not Lloyds did send the letter and all the documents to them, at the address stated.
- Lloyds has provided a copy of each one of the documents that it says it sent to Mrs A and Mr A, that it summarised in the letter and pack I have concluded it sent to them in October 1996. One of the documents is entitled 'Options – product particulars'. Within this document under point 23, Lloyds states that reviews will take place on an annual basis from age 70. It states, "once the life insured has attained age 70 then the first automatic review will be made on the following policy anniversary and annually thereafter".
- Mrs A and Mr A have said they were told the reviews would continue up to age 70 and then would remain stable. Lloyds on the other hand states its adviser would have told Mrs A and Mr A that reviews would be on an annual basis from age 70. I can't be sure what was said in the meeting between the parties in July 1996. But the documentation that Lloyds said it sent to Mrs A and Mr A, does state that reviews will take place on an annual basis from age 70. So, I am persuaded after seeing this that Mrs A and Mr A were informed of this when they signed up to having the policy and were made aware of this by Lloyds.
- Mrs A and Mr A say Lloyds had different versions of some of the documentation and the 'options' document. But I need to consider the documents Lloyds said it sent to Mrs A and Mr A. And within the 'Options' document it said it sent, that it says was used at the time, annual reviews from age 70 was stated, as I have outlined above.
- Mrs A and Mr A also say they were given documentation from a third party in around 2017 that they said stated the premium they needed to pay, and the sum assured was level term. They say this confirmed for them that their thinking was correct, and the policy would continue at a stable amount without reviews, because they had reached the required age. I have only considered here what Lloyds did, and, when Mrs A and Mr A arranged the cover in 1996. I have looked into whether they were mis-sold the policy or not when it was arranged. After looking through the documentation from both parties, and for the reasons I have given, I don't think they were.

I appreciate that my decision will be disappointing for Mrs A and Mr A, and I acknowledge the strength of their feelings about what has happened here. But based on everything I have read and the findings I have given I don't think Lloyds mis-sold them the whole of life policy in 1996. It follows that I don't uphold their complaint.

My final decision

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 2 November 2023.

Mark Richardson
Ombudsman