DRN-3662466

The complaint

Mr C complains that the fees Countrywide Assured Plc deducted from his home purchase plan in 2020-21 were quite extraordinary and that he would never have agreed to them.

What happened

In early 2021, Mr C received an annual statement for his home purchase plan. Mr C complained to Countrywide that he hadn't agreed to the specific level of deductions it had taken from his plan. Countrywide provided a final response to Mr C explaining the various charges and referred him to the illustration provided at the time of the sale, along with the key features. Countrywide didn't uphold the complaint and said its actuaries had checked the cost and found them to be correct and said it would provide Mr C details of the premiums and charges deducted over the policy term to date.

Mr C brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought Countrywide had disclosed the specific charges it had made to the plan, as it was now required to do, and that it had checked the charges with its actuarial team, and they were correct. Mr C asked that an Ombudsman decides the complaint.

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.

Countrywide consented to the Financial Ombudsman Service considering the charges it applied for the 2020/2021 year. I want to make it clear that I've considered the comments Mr C provided in response to the thoughts of the Investigator. I may not address each comment individually, but I will address the comments I consider relate to Mr C's complaint. I understand Mr C will be disappointed, but for very much the same reasons as the Investigator, I've decided that Countrywide hasn't done anything significantly wrong, and I will now explain why.

Countrywide provided Mr C with an illustration at the time of the sale explaining what the deductions to the plan would be. These included the cost of cover for the death and critical illness benefits, premium protection benefit, disability benefit and charges. Mr C says that specific figures weren't provided, but the illustration did explain what the effect of the deductions could be over 25 years.

Mr C says that if he'd known the charges and deductions would be so high, he wouldn't have taken out the plan. Countrywide says its annual statements now include a breakdown of each specific charge and deduction applied for the year – rather than a total sum of charges and deductions for the year. This is something I would expect to see now although Countrywide hasn't always been required to provide this. Indeed, when Mr C took out the plan in 1998, Countrywide was expected to provide an illustration of the potential charges and deductions, and the effect these could have on Mr C's plan. This included the cost of cover for the death and critical illness benefits, premium protection benefit, disability benefit and charges.

Mr C believes that the charges and deductions made by Countrywide in 2020/2021 were quite extraordinary. This is the crux of his complaint, but I'm satisfied that Countrywide is entitled to apply these charges and deductions. Mr C reasonably knew deductions would be made for the cost the death and critical illness benefits, premium protection benefit, disability benefit and charges – such as a monthly policy charge and an annual management charge based on the investment element of the plan. But, as Mr C got older, the cost of providing life and critical illness cover increased and Countrywide is entitled to base its cost of cover on its mortality rates at the time.

Mr C says that he wouldn't have taken out the plan if he'd known the charges and deductions would be so high, and that he can now obtain cheaper life cover within the marketplace. That may be the case, but I think it's unfair and unreasonable to expect Countrywide to have known exactly what the mortality rates would be over a 25-year period, but it did explain what the projected cost the effect of these deductions could be. It's not the role of the Financial Ombudsman Service to check and re-calculate the figures provided by Countrywide's actuaries. Mr C's plan also has an element of investment and the value of the fund he's invested in will vary. This too will affect the cost of life cover as, if the value of the fund falls, Countrywide has to ensure the minimum death sum assured will be paid if Mr C passed – this means that the cost of cover will vary from time to time, based on the fund performance.

My final decision

Taking all of the circumstances of this complaint into account, I've decided that Countrywide Assured Plc hasn't done anything significantly wrong, and I haven't upheld Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 August 2023.

Paul Lawton
Ombudsman