

The complaint

Mr and Mrs P complain they were mis-sold an endowment plan by a predecessor scheme of The Royal London Mutual Insurance Society Limited (Royal London).

Mr and Mrs P are being represented by a claims management company (CMC) with this complaint.

What happened

Mr and Mrs P were sold an endowment plan in March 1987.

As well as being a savings vehicle, the policy provided life cover on a joint and decreasing basis, for a term of 25 years. The policy had an initial monthly premium of £8.40 and an initial sum assured of £15,000.

Royal London have said that Mr and Mrs P continued to pay the premiums for twenty years until 2007. They have said that whilst it essentially lapsed from this point, it still continued with a value as it included a survival benefit.

The plan matured in April 2012. Mr and Mrs P were paid approximately £2,720. This included a survival benefit, a terminal bonus and a reversionary bonus.

Mr and Mrs P complained to Royal London through their CMC, in September 2022. Amongst complaint points, they said that the policy had been sold without due care as Mr P wasn't employed at the time of sale. They also said that Mr and Mrs P had no need for the life cover, as they had no liabilities at the time to protect.

Royal London responded to say that due to the time that has passed, there was a lack of relevant information from the point of sale. They said that it had been sold prior to the implementation of the Financial Services Act, and the requirement to 'know your client'. Based on the information they had, they didn't think there was anything wrong with the sale of the plan.

The complaint was brought to our service for an independent review. An investigator looked into it. He said that he didn't think based on the information provided to him, that the plan sold was unaffordable and nor did he think that the advisor has acted without reasonable skill and care.

As no agreement was reached, the case has been passed 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.

Having done so, I have reached the same conclusion as the investigator, I'll explain why.

Understandably, due to the amount of time that has passed since the sale in

1987, Royal London haven't been able to provide me with any of the point-of-sale documentation. I have therefore had to base my decision on any information I do have and what I think were the most likely circumstances at the time.

As has already been correctly noted by all parties in this case, this policy wasn't sold until after investment advice had become regulated (through the Financial Services Act 1986, which came into effect from 29 April 1988). Before this, advisers didn't have to consider if a recommendation was suitable for a consumer's circumstances. Instead, advisers had to advise with reasonable skill and care.

Mr and Mrs P's CMC have said that due care wasn't taken, in part because this policy was sold to the couple whilst neither were recorded as employed. I can't be sure what their circumstances were at the time. Whether Mr or Mrs P were planning on returning to employment or whether they had sufficient means elsewhere to pay the £8.40 monthly premium. However, I am satisfied it was affordable for them based on the fact that they continued to pay it for twenty years.

Mr and Mrs P's CMC have also said that the policy shouldn't have been sold to them as they had no liability to protect. I have no information from the point of sale to show there was a loan or mortgage that decreasing cover would have protected. However, this doesn't negate any need for life cover. There may have been other family circumstances it would have protected and it would have provided provisions and a safety net for each of Mr and Mrs P, if either had passed away. I haven't seen anything to show considerable savings or investments elsewhere. They were stated as not having any other life cover. So, I'm satisfied the adviser acted with reasonable case in selling this policy.

In summary, whilst much time has passed since the sale, I'm satisfied that the advisor acted with reasonable skill and care. The plan appears that it was affordable and I can't say there was clearly no need for it.

My final decision

My final decision, for the reasons set out above, is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 20 November 2023.

Yoni Smith
Ombudsman