

The complaint

Mr W complains that Sun Life Assurance Company of Canada (U.K.) Limited ('Sun Life') are responsible for the sale of his Free-Standing Additional Voluntary Contribution (FSAVC) in 1999. Mr W says that it was mis-sold because he should instead have been recommended his employers in-house Additional Voluntary Contribution (AVC).

Mr W's complaint has been raised by a representative, but for ease of reading in this decision I will simply refer to Mr W.

What happened

In 1999 Mr W received financial advice regarding making increased contributions to his pension. This advice was provided by a tied adviser of a pension provider that was subsequently purchased by Sun Life. Sun Life are now the respondent answering Mr W's complaint.

Mr W received a recommendation dated 28 April 1999 to start a new FSAVC with monthly contributions.

Mr W followed the recommendation and the new FSAVC was set up in July 1999, receiving regular contributions.

In 2022 Mr W complained that the FSAVC had been mis-sold. He didn't think that the advisor had explained the differences in the FSAVC and AVC or that the charges were likely to be lower in the AVC.

Sun Life didn't uphold Mr W's complaint. It explained that it met the regulatory requirements at the time. It said that the adviser had explained the in house AVC option and that its charges would be lower than a FSAVC.

Mr W didn't accept Sun Life's answer and brought his complaint to our service. Our investigator looked into what happened. He explained why he thought that the information provided and recommendation given by the adviser complied with the requirements in 1999. And didn't uphold Mr W's complaint. As Mr W didn't accept our investigators opinion the case has been referred for an ombudsman's 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 agree with the conclusions reached by the investigator for these reasons:

- The Personal Investment Authority (PIA) rules applied at the time of this sale. It meant that, before selling an FSAVC, tied advisers should:
 - Draw the consumer's attention to the in-house alternative.

- Discuss the generic differences between the two routes.
- Direct the consumer to his employer for more information on the in-house option.
- Sun Life provide contemporary evidence, in the form of a signed document dated 26 March 1999 which made direct comparisons between an in-house AVC and FSAVC. So I think that Mr W was made aware of the in-house option that was available to him.
- The recommendation letter demonstrated that Mr W was informed about the differences between the two options. In a way that I think was fair.
- The document dated 26 March 1999 said “*Charges on money purchase AVC’s are usually significantly lower than on an FSAVC as the employer may meet all of the set up and administration costs. Often there will be no initial charges.*” and “*As an FSAVC is an individual contract between the employee and the provider, the charges are all borne by the plan holder and are normally higher as a result.*” Which I think met the requirements of the time to draw Mr W’s attention to the fact that the AVC would, most likely, be cheaper.
- The recommendation letter demonstrated what appears to be a sound understanding of Mr W’s likely circumstances at the time. It was based on a fact-find completed at the time. As a consequence the recommendation highlighted a number of reasons that made the FSAVC suitable. And, overall, I don’t think the conclusion reached was unsuitable. It addressed Mr W’s objectives in a reasonably detailed way, and met the regulatory requirements in drawing Mr W’s attention to the in-house alternatives in a fair and reasonable way.

My final decision

My final decision is that I do not uphold Mr W’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr W to accept or reject my decision before 13 March 2024.

Gary Lane
Ombudsman