

The complaint

Mrs W complains that Santander UK Plc mis-sold her life insurance.

What happened

The history of this complaint is well known to both parties, so I won't repeat all the details here. In summary, Mrs W took out life insurance in 2008, through Alliance & Leicester. In 2023, Mrs W complained to Santander – the company that took over Alliance & Leicester's business. Mrs W said she understood the policy would pay out upon death or at maturity. She also said she had other cover, so the policy was not needed.

Mrs W was unhappy with Santander's response, so came to the Financial Ombudsman Service. But our investigator didn't uphold her complaint, so Mrs W asked for an ombudsman to consider things afresh and issue a final decision.

I'm aware Mrs W has raised some concerns about the provider of her policy. For the avoidance of doubt, concerns about the actions of the provider are not within the scope of my decision, which relates only to matters for which Santander is responsible.

Mrs W is represented by a relative, but I've referred primarily to Mrs W throughout.

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'm not upholding this complaint. I recognise my decision will disappoint Mrs W and I'm sorry about that. I'll explain my reasons, focusing on the key points and evidence I consider material to my decision.

So if there's something I haven't mentioned, it isn't because I haven't thought about it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service, as a free alternative to the courts.

Due to the age of the sale, there are gaps in the evidence provided. Mrs W has sent in the documents she received in 2008, as well as some other material. Santander also provided confirmation of the policy terms and schedule, but unfortunately, no further sales documentation – for example, application form or notes, a fact find or suitability letter – was available.

Mrs W was aged 60 when she took out cover and was employed by the seller. I understand staff were approached about taking out policies. This doesn't strike me as unusual, as financial companies often proactively offer products to staff members. Mrs W has said the

sales meeting took place face-to-face with a colleague. Following this, Mrs W took out life insurance with terminal illness benefit. The sum assured was c. £14,700 and the monthly premium £30. The policy term was 18 years.

Mrs W's representative has questioned whether there may've been aggressive sales tactics used to sell products to employees. But I've not seen any more specific testimony about this, nor any other evidence to suggest there was any pressure placed on staff to take out cover. So I can't fairly say this was a pressured sale.

The documents provided indicate this was an advised sale – something which Santander hasn't disputed. Where a sale is advised, the seller is under an obligation to ensure the recommendation made is suitable.

Mrs W's key concerns are that her policy has no cash-in or maturity value. She's also said she had endowment policies in place that more than covered outstanding mortgage debt, so she didn't need this particular policy.

When making her complaint, Mrs W told Santander her reason for taking out cover was to provide a lump sum for her family if she died or when the policy matured. She couldn't recall why the specific term was chosen but said the advisor suggested a quote and she thought £30 per month premium was ok. This suggests that affordability wasn't an issue.

I don't dispute Mrs W's belief that her policy had a maturity value. But there's no record of the sales meeting to indicate what was discussed. Given this, I can't conclude that Mrs W was told this by the sales representative.

Additionally, I've looked at the documents Mrs W received immediately after she took out the policy. The policy schedule sets out the plan benefits, confirming that the life cover will be paid upon death within the term of the policy or diagnosis of a terminal illness more than 18 months before the policy expiry. The Key Features document also confirms these plan benefits and contains the following:

Warning – this contract has no cash-in value at any time.

Additionally, this document sets out details of the cost of the advice Mrs W received in terms of commission payable.

I've also seen a letter to Mrs W referring to her being sent a cancellation notice – so on balance I'm satisfied Mrs W would've had the opportunity to review her policy and cancel within the cooling-off period if she changed her mind.

I accept Mrs W's comments about having other cover in place, notably to cover outstanding lending. But this was a relatively small policy, purchased later in life to provide a lump sum upon death. Overall, I've not seen evidence to suggest the policy was unsuitable for Mrs W's needs. And I'm satisfied the policy information she received clearly set out the plan terms, costs, benefits, when the policy would pay out and that it didn't have a maturity value. I appreciate Mrs W now says the policy is worthless, but she's had the benefit of cover since 2008, should the worst have happened. Overall, I don't find that this policy was mis-sold.

Finally, I'm aware Mrs W has raised concerns about the arrangements between Alliance & Leicester and Santander. Our investigator asked Santander if any information about the arrangements could be provided, but none was. Nevertheless, I'm satisfied I've seen sufficient information to be able to reach a fair decision in Mrs W's specific complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 24 October 2024.

Jo Chilvers
Ombudsman