

## **complaint**

Ms M complains Sanlam Life & Pensions UK Limited wrongly sold her a life cover protection plan given she was single with no dependants and had no need for the life cover.

## **background**

An adjudicator at this service felt Ms M's complaint should be upheld.

He said Ms M said the plan was sold to her specifically for protection and not as a savings vehicle. She was told she needed it and wasn't aware it was unnecessary until recently. He said that where a life protection plan is sold there has to be a need for it – and this isn't generally the case if someone is single with no dependants.

He said that even though this recommendation had been made before the introduction of the Financial Services Act 1986 it still needed to represent a reasonable 'fit' with the consumer's circumstances. So even though this was a pre-regulated sale the business shouldn't have sold Ms M a plan which in practical terms wasn't needed.

He said the plan was a complex product: it could operate as a straightforward whole-of-life plan or, if a minimum sum assured was selected, as a savings plan. Because of the way it worked, he didn't believe Ms M would've simply walked into one of Sanlam's offices and asked for such a complex product. At least some discussion about her needs would've occurred before she was handed the product.

Sanlam did not agree, and said:

- There is no evidence that one of its advisors did recommend (give advice about) taking out this plan. Given she had three existing savings plans Ms M was clearly financially aware and may well have chosen to take out this plan without advice
- It does not have sufficient information to build up a picture of her financial circumstances at the time
- If advice was given it still believes the plan represented a reasonable fit
- Ms M was given clear documentation and admits she understood she was taking out life insurance
- Given the protracted amount of time it took to complete the application – including a medical examination - it appears that Ms M definitely wanted this product
- In a different Fact Find (recorded three years apart) it's recorded that Ms M was paying rent to her parents so she may have wanted this protection for their benefit if she died

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. In this case I agree with the adjudicator and for the same reason.

In my view there is no persuasive evidence to indicate Ms M needed life cover at the time of sale. While there is precious little information available I think it's unlikely she would have felt the need to take out life cover to provide her parents with a lump sum were she to die before them.

The fact that she'd taken out several savings plans via another business before this alleged recommendation doesn't indicate she was actively considering life cover nor that she had a fully informed understanding of why this plan might be appropriate or inappropriate in her situation. If the advisor told her this plan was needed I don't think she'd have necessarily been sufficiently knowledgeable to question this.

Given her situation, I do not believe there is sufficient evidence to suggest this was a reasonable fit for her circumstances.

The key question, therefore, is whether Sanlam – on the balance of probabilities – recommended this plan; or whether Ms M chose to take it out without advice.

From what I've read Ms M had bought savings plans via another business. I think it is more likely than not that this business also sold life insurance. So this raises doubts as to whether Ms M would have been likely to approach Sanlam, unsolicited, to buy life cover from it.

Although there is no evidence about this, it seems more likely that she was approached by Sanlam whether via a phone call or other means, particularly as this was one of its main business-generating methods. This does not, in itself, mean this was an advised sale.

Either way, I share the adjudicator's view that this was a relatively complicated product and required making choices about various options including between selecting from a range of funds. In this context, I think it's more likely than not that a Sanlam advisor led her through these options to help her decide on the specific type of plan to choose. The advisor ought, therefore, have clarified if life cover was a priority for Ms M given she had no obvious need for it.

I acknowledge that the advisor's requirements Pre 'A' day were considerably less than they became afterwards, and this included the need to record advice. However, I've seen no evidence to indicate that the advisor did seek to establish whether Ms M wanted or needed life cover, how much she wanted or who this benefit should be paid out to in the event of her death – or why she allegedly chose the fund in question. I think at least some of these considerations would've been necessary to establish that this plan was a reasonable fit .

I am therefore satisfied that this complaint should be upheld.

Sanlam should refund all the premiums Ms M paid on this plan, adding an appropriate level of interest to each premium from the date Ms M paid it to the date of settlement of this complaint. In this case I am satisfied Ms M was happy to 'invest' these monthly payments – given her previous decision to take out savings plans – and therefore an appropriate rate of interest would be the Bank of England's base rate plus 1%.

If Ms M took any income, dividends or withdrawals these should be deducted from the accumulated redress figure from the date they were taken to ensure fair compensation. This also applies to any surrender value she received.

**my final decision**

I uphold this complaint and instruct Sanlam Life & Pensions UK Limited to pay compensation as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 12 March 2018.

Tony Moss  
**ombudsman**