



Case study: Insurance

WHOLE OF LIFE INSURANCE PLAN'S TERMS AND CONDITIONS LEAD TO MISUNDERSTANDING

Themes: whole of life insurance plan; CIFO's statutory limit; investment advice.

This complaint relates to a complainant's lost investment due to a misunderstanding about a whole of life insurance plan's terms and conditions.

In October 2009, Mr & Mrs N took out a whole of life insurance plan and employed an investment adviser to provide investment advice for the plan. Mr & Mrs N made regular payments into the plan up until July 2012, at which point the value of the investment was approximately £24,000. In August 2012, Mr & Mrs N made a withdrawal of approximately £5,500 from the plan.

In June 2023, Mr & Mrs N noticed that the balance of the plan had dropped to approximately £600. Mr & Mrs N complained to the plan provider as they believed their investment had been subjected to excessive fees and had been inappropriately managed with no investment advice provided. The plan provider responded by stating that they had not provided Mr & Mrs N with investment advice as Mr and Mrs N had employed their own investment adviser who should have provided ongoing advice on their investment. The plan provider also advised Mr & Mrs N that the fees had been applied in accordance with the plan's original terms and conditions, and had they continued making regular payments, Mr & Mrs N would have received bonuses that covered the fees. This was because the plan's annual fees were based on the maximum annual amount customers paid in during the entire term of the plan. Mr & Mrs N referred their complaint to CIFO.

CIFO generally cannot consider complaints that are received more than six years after the event that gave rise to the complaint or if it is later than that, within two years from when the complainant knew or reasonably should have known that there was reason to complain. Therefore, CIFO could not investigate the appropriateness of the plan's fees which were implemented at the plan's creation and confirmed within the plan's terms and conditions. This fell outside of CIFO's statutory time limits.

CIFO also noted that as the plan provider was not responsible for providing investment advice for the plan, CIFO could not investigate the plan provider for withholding investment advice. CIFO did not uphold the complaint and concluded that the plan had been managed by the plan provider appropriately and in accordance with the terms and conditions set out at the plan's inception.