

F vs O: ENDOWMENT POLICY

During 2014, the complainant, a 52-year-old unemployed female, had approached a representative of the respondent for options available for her to invest the proceeds from the sale of her home. The respondent's representative had recommended that she place her funds into an endowment policy and the complainant duly completed the application form. Two years later, the complainant began experiencing financial difficulties and approached the respondent with the intention of withdrawing the entire amount from the policy. The representative informed her that a full surrender of the policy would attract a surrender penalty, which the complainant could not afford.

The complainant states that she was then given the option to make a partial withdrawal of R50 000 from her investment and that she had completed the withdrawal forms. She had been under the impression that the remainder of the funds would remain intact, and available on request. She was, however, informed by the respondent that the investment could no longer be accessed and that the remainder of the funds would be available only in 2020, as the policy had been placed into a new restriction period. The complainant did not recall ever having been informed of the penalties and restrictions applicable to this policy and approached this Office for assistance.

The respondent, in accordance with the Rules on Proceedings of this Office, was provided with the opportunity to respond to the complainant's allegations. The respondent indicated (without evidence) that the complainant was aware that her funds had been moved from a unit trust to an endowment policy. The respondent advised that all terms and conditions of the endowment policy were provided for in the policy schedule and that that was sufficient disclosure. The respondent also stated that the complainant's signature on the documents demonstrated that she had been aware of the terms and conditions.

The Office, however, held that, regardless of the documentation signed, consideration of the complainant's personal circumstances, would show that the product recommended was not appropriate. The Office requested that the respondent reconsider its stance, which it did. The settlement offer was accepted by the complainant.

Settlement: R150 000