

O vs T: CREDIT PROTECTION POLICIES

The complainant had purchased a credit protection policy from the respondent, which incepted on 29 June 2013, subsequent to the complainant having bought a motor vehicle. The vehicle had been financed by the respondent and this policy was to have provided cover if the complainant was unable to make the monthly payments as a result of death, permanent disability or retrenchment. Following a stroke in February 2015, the complainant was rendered disabled. He then submitted a claim against the policy. In a letter dated 4 August 2015, the complainant was notified that his claim had been rejected as the cause of the disability was directly linked to a condition that had been diagnosed prior to the start of the policy.

The policy, as the complainant found out, included a 24-month waiting period, which excluded any claims related to a pre-existing medical condition. The complainant had undergone a triple bypass in 1996 and had suffered from high blood pressure since the age of 21. He had been medically boarded in February 2015. He claimed that he had disclosed these conditions to the respondent's representative, but that none had been captured on the application form, and that no disclosures had been made

to him regarding the exclusion of any pre-existing condition or a 24-month waiting period. The complainant approached this Office.

The Office directed the matter to the respondent, requesting that it provide records to show compliance with the General Code of Conduct for Authorised Financial Services Providers and Representatives and to prove that it had attempted to obtain all relevant and available information from the client. This information was to ensure that not only was the recommendation appropriate to the needs and circumstances of the client, but it would have also directed the respondent to have made all material disclosures to have enabled the client to make an informed decision, a key requirement of the Code.

The respondent, upon receipt of the correspondence from the Office, revised its decision and decided to honour the claim in full by settling the outstanding finance on the vehicle.

Settlement: R115 240

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