



Endowment Mortgage Complaints Factsheet

The Financial Services Compensation Scheme (FSCS) acts as a safety net for customers of finance sector firms. FSCS covers business conducted by firms regulated by the Financial Services Authority (FSA), the UK's regulator for the finance sector. We can pay compensation if a regulated firm is unable to pay claims against it. In general this is when a firm stops trading or is insolvent.

Our rules don't allow us to investigate any potential claims that relate to investment advice given **before 28 August 1988**. Unfortunately, if you received advice from a firm before this date, we'll be unable to help you.

There is a limit to the amount of compensation we can pay. If you are claiming compensation for mis-selling of investment products, such as an endowment mortgage, the limit is £48,000.

Is the firm still trading?

If the firm is still trading, you should contact it directly. If the firm does not resolve your complaint, you can contact the Financial Ombudsman Service on 0845 080 1800. If you need help contacting the firm, please telephone the FSA's Consumer Helpline on 0845 606 1234. The FSA will confirm the status and whereabouts of the firm that gave you the advice. If you need help finding the full name and address, please contact your endowment provider.

Endowment shortfalls

The problem you may now face is that the endowment policy may not be on target to repay the capital sum of your mortgage. Even though this may be difficult for you, it does not necessarily mean your endowment was unsuitable for you. Your advisor could not predict at the time you took out the policy that the endowment would have a shortfall, although you should have been told that this was a possibility as the endowment's performance depends on the stock market. If you were not informed that there was a risk that your mortgage might not be paid, please provide further details of the circumstances and any documents you may have that would support your claim.

Endowment complaints covered by FSCS

Our rules require us to establish a number of facts when assessing claims. The key fact is whether the product was suitable for you at the time you were advised to buy it.

Examples of situations where we may be able to help are:

- Your endowment is due to pay out (or 'mature') after your retirement age, and it was clear at the time the advice was given that you would not be able to carry on paying premiums after you retired.
- Your endowment is not due to mature until after your mortgage loan has finished, and this was not made clear to you at the time of the advice.
- You already had an endowment and were advised to surrender it and change to a new one.
- Your adviser did not properly explain that because the return from investments such as endowment policies is linked to the stock market, there was a risk that your policy could leave you with a shortfall.
- You received written guarantees that buying an endowment policy would enable you to repay your mortgage in full.

An endowment mortgage might have been a suitable product for you even if you did not receive any advice about repayment mortgages. You may not have received an illustration of the potential benefits of an endowment mortgage compared with a repayment one, but an endowment mortgage is usually cheaper per month than a repayment mortgage. You may have been told that at the end of the endowment you would receive a lump sum on top of what you needed to repay your mortgage. Whatever you were told, the key fact is whether the product was suitable for you at the time you were advised to buy it.