

# Endowments – time for action

We've helped thousands of people get redress from mis-sold endowments, but time is running out. If your endowment has a shortfall, you need to act now

## Our campaign

Visit Endowment Action, at [www.which.co.uk/campaigns](http://www.which.co.uk/campaigns) for help with your claim

Our Endowment Action campaign website was launched in September 2002 to help those mis-sold an endowment mortgage to receive redress. So far more than a million people have visited it and hundreds of thousands of people have successfully taken their complaint forward and won.

The website tells you all you need to know to make your complaint, and you can download a letter to help you with wording it. What's more, it's all free. Visit [www.which.co.uk/campaigns](http://www.which.co.uk/campaigns) and click on 'Endowment Action' to see how we can help you.

We often receive letters and emails from people who have successfully used our website. For example, Neil Fisher from Northfleet said: 'Thank you for your help with my endowment mis-selling claim. I used your website and was offered just over £6,000. That's not bad for a few minutes spent online and a stamp.'

If you don't have access to the internet, the steps outlined in this report (see right) will help you make your complaint. But for more detailed information, see our endowments factsheet. Call 0845 307 4000 and quote code ENDCOM for your free copy.

Over two million households with endowments linked to mortgages are facing an average shortfall of just over £7,000. This represents a total shortfall of £16 billion across the UK.

If you can't repay your mortgage when it matures because your endowment has a shortfall, your home is at risk of repossession. However, you may be able to get redress to help you get back on track. Whether or not you are eligible for redress depends on whether you were mis-sold your endowment. Our step-by-step guide (see right) helps you work out whether you have grounds for complaint and, if you do, explains how to make your claim for redress. Our endowment action campaign (see left) gives more detailed information on this. But don't delay as there is a time limit to put in your claim.

### Time limits

Everyone has three years to make a complaint from the date of the first 'high-risk' or 'red' letter they receive. This is a letter from your endowment provider advising you that there is a high risk that your endowment won't meet its target.

Since June 2004, all endowment providers have had to warn policyholders in writing of the deadline at least six months before they reach it. Before this date, policyholders were not given advance notice of the deadline by which to complain, resulting in some 700,000 people being unfairly time-barred from complaining.

Most firms won't hesitate to timebar you, so when you receive a letter giving you a date by which to complain about your shortfall, it is crucial that you don't ignore it. If you do, you could miss out on your right to redress.

**'I was expecting the whole claims process to be a bit daunting but, with the help of Which?, it was all relatively painless'**

## STEP-BY-STEP GUIDE : HOW TO MAKE AN

### STEP 1

#### Establish whether you have grounds for a mis-selling complaint

If the answer to one or more of the first four questions below is no, or yes to the fifth, you may have grounds for complaint.

- 1 Did you understand that an endowment is an investment and that the amount it pays out depends on the stock market?
- 2 Did your adviser check that you were comfortable with this level of risk?
- 3 Did your adviser discuss alternatives, such as a repayment mortgage, and give you the choice of either?
- 4 If your mortgage and endowment were set up to go beyond your retirement age, did your adviser check you would be able to pay for them?
- 5 Were you advised to cash in an existing endowment and replace it with another?

### STEP 2

#### Write your letter of complaint

Your complaint is about the advice you received that persuaded you to buy an endowment mortgage, not the fact that your endowment has a shortfall. So you must make your complaint to the firm that employed the adviser who sold you the endowment. This may or may not be your current endowment provider. If you can't remember who this was, ring your endowment provider and ask which firm received commission for the sale of your endowment. Use our template letter on our Endowment Action website (see 'Our campaign', left) to write your letter. Keep it short and to the point but say why you think you were mis-sold, using your answers to the questions in step 1. Ask for a copy of your file.



COMPLAINT  
WON £6,000

**June Blake 48, PA**  
After reading about our Endowment Action campaign in *Which?* in 2003, June used our website to make her complaint. As a result, she received just over £6,000 in redress.

June used our template letter to put her complaint in writing. 'I found the site really easy to use and very clear,' said June. 'It described exactly what should happen in the complaints process, so I knew what to expect.'

'My case went through smoothly and, after several weeks, my compensation arrived. I was expecting the whole claims process to be a bit daunting but, with the help of *Which?*, it was all relatively painless,' she said.

## YOUR MONEY

### Claims handlers

Companies offering to carry out your endowment complaint for you have been springing up ever since the endowment scandal hit the headlines. It's estimated that there are now around 54 firms operating. But beware: endowment claims handlers levy hefty fees – we found one charging as much as 50 per cent of the amount you receive in redress.

Using a claims handler won't increase your chance of success. On its website, the Financial Ombudsman Service states: 'Our statistics show that whether consumers bring their complaints direct to us or use a claims management company, there is no difference in the outcome.'

It's always best to handle your claim yourself. Our Endowment Action website gives you all the information you need to make a claim. But if you really feel unable to go through the process alone, it's better to use an endowment claims handler than to do nothing at all.

#### Factsheet on claims handlers

We asked 46 claims-handling firms for details about their service, staff's qualifications and costs. We received 27 responses. In short, we found little difference in the service offered by the pricier firms and those that charge less. We also found that not all staff at these firms have legal or financial qualifications.

If you'd like to see detailed information on the specific handling firms we contacted, see our factsheet 'Endowment claims handlers' on our website at [www.which.co.uk/campaigns](http://www.which.co.uk/campaigns) or call 0845 307 4000 to receive a copy by post, quoting reference ENDSUR.

## ENDOWMENT MIS-SELLING COMPLAINT

### STEP 3 Fill in the questionnaire about your circumstances

The firm that advised you to buy your endowment will send you a questionnaire to complete. This asks questions about your circumstances at the time the endowment was sold to you. The questionnaire tends to be the part of the process that people find the most daunting, as it is a bit time consuming and some of the questions can seem irrelevant and intrusive. However, don't be put off. Be as truthful as you can, but if you can't remember something and have no written record of it, just put 'can't remember'. If you can't see the relevance of a question, ask the firm why it needs to know this information. Once you've completed it, return the questionnaire. Your complaint should be assessed within eight weeks. If the process is going to take longer, the firm must let you know.

### STEP 4 If rejected, take your claim to the Financial Ombudsman Service (FOS)

If your complaint is rejected, don't give up – take it to the FOS. You must do this within six months of the date of your rejection letter. Your complaint will first be assessed by an adjudicator. If the adjudicator rejects your complaint, and you feel that they didn't properly understand all the facts of your case, you can ask for an ombudsman to reassess it. If the ombudsman also doesn't uphold your complaint, you have the right to go to court but there's no guarantee you'll get a different decision and it could be costly.

Currently, the FOS receives 250 rejected endowment complaints a day and upholds 45 per cent of them. Visit [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) for more information on going to the FOS.

### STEP 5 If upheld, ensure the redress is accurate

The redress you receive isn't based on your shortfall. The firm will calculate how much capital you would have paid off if you had been sold a repayment mortgage instead of an endowment. If the value of your endowment is less than this amount, the firm must pay you the balance. It must also pay you the costs involved in switching to a repayment mortgage. The average redress award is currently £6,000.

Always insist that your redress is worked out using the specific interest rates of your mortgage provider. It's becoming standard practice to use an average Halifax rate instead, in order to save time tracking down specific rates, but we've discovered there can be big differences in the amount of redress you are offered if the Halifax rate is used.