

227/04

16 December 2004

## **INTRODUCTION OF TIME BAR ON MORTGAGE ENDOWMENT POLICIES**

Lloyds TSB has announced that from February 2005 it will introduce a time bar which will limit the timeframe in which mortgage endowment policyholders can make a mis-selling complaint about Scottish Widows or Lloyds TSB Life mortgage endowment policies.

All relevant policyholders will be informed about the time bar when they receive details of the projected maturity values of their policies in line with the Association of British Insurers (ABI) requirements. Policyholders will be given 12 months notice before the time bar comes into force, which is double the six months notice required by the FSA.

Lloyds TSB believes that introducing a time bar is fairer for policyholders as it provides a clear timescale in which complaints can be made.

Letters will start to be issued in February 2005 and will set out details of the time bar, clearly indicating the date by which customers should lodge their complaint. All relevant policyholders will receive confirmation by the end of June 2005.

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## **INTRODUCTION OF TIME BAR ON MORTGAGE ENDOWMENT POLICIES CONTD/2 ...**

### **Notes to editors**

- The ABI requires life companies and their distributors to issue 'red letters' to those customers whose mortgage endowment policies are at a high risk of not paying out enough to cover the target amount of the loan. Policyholders have to lodge a complaint within three years of receiving their first 'red letter' or within 12 months of receiving the letter detailing the time bar.
- Today's decision to introduce a time bar relates to Scottish Widows and Lloyds TSB Life mortgage endowment policies.
- Scottish Widows has 165,000 in force mortgage endowment policies (as at 30 November 2004).
- Lloyds TSB Life has 140,000 in force mortgage endowment policies (as at 30 November 2004).

### **For further information:**

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