Before the Arbiter for Financial Services

Case ASF 289/2025

UE

('Complainant')

Vs

PrismaLife AG

European Insurance Undertakings to carry on business in Malta under the provisions of Freedom of Services

('Service Provider' or 'PL')

Sitting of 25 August 2026

This Complaint[1] represents a claim for mis-selling a high-risk product unsuitable for Complainant's risk profile executed through alleged lack of transparency and failure to abide by statutory obligations.

The Complaint was originally also filed against two other respondents who were involved in the sale/intermediation of the lamented product as brokers, but a settlement agreement was reached with these two respondents and an amount of €4,719.56 was paid in full and final settlement without admission of liability.[2]

The Complainant stated that she had invested €5,003 and received €1072.92[3] when she surrendered the policy thus incurring a capital loss which was more than covered by the settlement agreement above referred to.

[1] Pages (p.) 1 - 192
[2] P. 192.10 – 192.13
[3] P. 217. p. 192.9 show fund value €2126.34 and surrender value €983.44 indicating early redemption charges of about €1143.

The complaint was continued against PL and during the hearings it was established that Complainant was requesting a compensation as follows:

- An amount of €3,930.08 being the difference between capital invested and funds received on surrender (€5003 – €1072.92)
- Legal interest rate
- Damages suffered which were not quantified but expected the Arbiter to fix them on *arbitrio boni viri* bases.

Complainant argued the €3930.08 compensation claim is the undue enrichment which PL gained from charging fees for early termination of the policy.

Asked if such compensation would represent undue enrichment for Complainant given that she has already recovered all losses and was left with a surplus from the settlement agreement, Complainant denied this and argued that the settlement agreement should not be taken into consideration in this Complaint.

Reply of Service Provider

In their reply,[4] PL explained that the Complaint relates to the way the policy was mediated and explained by the brokers (with whom Complainant had reached a separate settlement agreement and were accordingly excluded from this Complaint).

They explained that PL makes insurance products available for distribution but does not advise customers themselves. Advice and insurance mediation were provided exclusively by external, independent intermediaries/brokers with whom a settlement agreement had already been reached.

They provided documentation signed by the Complainant which acknowledges the terms of the products, that the product had been explained to her, that she accepted them and understood them as suitable for her purposes.

[4] P. 197-204

Hearings

A hearing was held on 21 April 2026 for the proofs of Complainant, who said:

> ***"Mr Christian Farrugia sold me this policy on behalf of Etisicura, he did not explain anything prior to signing the contract, just that I can withdraw the money when my daughter turns 18 years, that she can have a lump sum, but that is all.***
>
> ***He did not explain to me what an insurance policy is or that I was signing up for an insurance policy.***
>
> ***He told me that my investment is going to be divided into three investments and that I could change them if I wanted but, obviously, I don't have a clue about the investment.***
>
> ***He did not even ask me about my experience as an investor and neither did he mention that my capital could be at risk.***
>
> ***I say that I signed the contract on the 12th of November 2021.***
>
> ***He told me that I was going to receive an email with my portal for PrismaLife. And that was all. He presented an iPad and I signed the contract.***
>
> ***Mr Christian Farrugia did not read through the contract because he told me that there were a lot of papers and he did not present it, so I just signed. And then he told me that Prisma I would send me an email with the portal and that I can go in and log in to my account."***[5]
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> …
>
> ***"The Arbiter refers to what I said that I signed electronically, but then I was given access to the website, from which presumably I could download all the documents I had signed.***
>
> ***I say that, at that time, I did not know that I could download, but when I contacted PrismaLife, and he was sending the emails, he told me that I***

[5] P. 206

could download the document from there. Then I went to download the document.

The Arbiter states that since I was investing my money, I had an interest in knowing exactly what I had signed for.

I say that I just trusted the representative." [6]

…

"The Arbiter asks the Complainant when she spoke to Etisicura at the beginning whether Etisicura explained to her that they were brokers or whether they told her that they were representing PrismaLife or that they were their agent.

(The Complainant) replies:

I say, no, he just presented himself as being sent from Etisicura brokers, that was all. And asked whether I was interested in a savings plan.

He did not say that they were agents of PrismaLife. In fact, I sent him a text message that day to clarify who the insurance was and what the name of the policy was. And he texted." [7]

A second hearing was held on 8 June 2026 for the proofs of the Service Provider, who stated:

"I think it's important to establish one more time, also for the opportunity to understand, and for everybody here, what the different roles are between Prisma Life and Etisicura as there seems to be sometimes a misunderstanding as to who the seller and who the manufacturer is here. We, as Prisma Life, are the manufacturers. We create the product in that sense, but we don't sell the product. We're not there for the actual selling of the product. This is all in the hands of the broker, which is Etisicura in this case.

[6] P. 207
[7] P. 210

We would like to say that all the advice lays in the hands of the broker, meaning that if there is a complaint about the part of the misselling, which is what we perceive as a complaint here, then we want to make sure that the difference between Etisicura and Prisma Life is being established. This is also one of the reasons we assume that Dr XXX, or respectively, (Complainant) went to Etisicura with a settlement draft, or with a settlement agreement in that respect.

So, in that discussion the settlement with Etisicura and Complainant was held for a sum, of €5,500 (please correct me if I am wrong), which was, to our knowledge, established through the surrender value of about €1,072.92 and a fill-up amount paid by Etisicura.

This fill-up amount is more than the actual premiums paid in total by Complainant.

So, if you look at the actual differences between the payments made and the settlement negotiations, and then in the end, the settlement payout that (Complainant) has received, this would be about a 6.9% annual return in interest.

From our perspective, we ask if this is not sufficient, what more is there to give?

We have seen in the complaint and in the previous session as well, that Complainant said that there was a misselling. This product which was sold to her was a product that she did not want because, in her opinion, it was a too-high-risk product.

She said that she had no knowledge about, or limited knowledge about this investment. And that she was not provided with proper advice; she was not provided with proper contract documentation; she had no access, etc., etc. In our humble opinion, this is all conduct that has happened between the broker, Mr Christian and (Complainant) in this case.

Also, it is important for us to notice that in the documentation at hand, it is clearly described to whom this product was for. It's a unit-linked life assurance product, a product that is an investment product. It has an

investment and fund aspect which is something that is obvious not only from the target market description, but also from the product profile; if I'm not mistaken, that must be the key investment documentation. It's all transparent and in an overview manner, which is written on pages 1 to 10. So, on the very front, which is important not only legally, because we are obliged to do so, but also because it's important for the customer to see what he is signing up for.

In that product market description, (I don't want to go into much detail), it clearly describes that this product is intended for a period of at least 20 years. It's also described to whom this product is not meant for, and that is someone who doesn't have a fundamental understanding of financial markets and investment products but also someone who wants a guaranteed return on their premiums. Something that is not only said on the first pages, but throughout the entire product.

Now, when it comes to the complaints that we have received, I say that in August 2025, we received the first complaint, which was answered in the same month by our colleague. In this, we also explained once more that the selling and the actual conduct of the selling is happening on the basis of the broker in this case, and not on Prisma Life, which is also mentioned on the first page of the application papers that (the Complainant) has declared and signed as well.

So, in that complaint, we established also what the costs are. We established what the risk of the products are. We established what are the differences between the complaint directed at us and the differences of the complaint directed at the broker as well.

And this was once more explained in the complaint in November, answered in December as well, to Dr XXX."[8]

It was further reported that in March 2023, PL had invited Complainant to attend an information session in Malta for which she registered but failed to attend. Accordingly, the first direct contact between Complainant and PL occurred much later just before the matter morphed into a complaint.

[8] P. 219 - 221

When asked under cross-examination whether they had copies of the suitability and appropriateness tests that the brokers had declared they performed at the sale stage of the PL product, Service Providers reiterated that they were not involved at all in the sale of the product and that it was the responsibility of the brokers who, in the end, have paid for their failure through the settlement agreement through which Complainant was made whole and more.

At the request of the Arbiter, PL gave a detailed explanation of the charges and fees deducted from the policy value due to early termination.

PL explained that the early termination fees amounted to €919.50 while early termination costs amounted to €3398.52, leaving a balance of €681.98 on the original sum invested which grew to €1072.92 due to positive market movements of the investments. They argued that both costs and fees related to early termination were properly disclosed in the General Terms & Conditions signed for by Complainant on application.[9]

Final Submissions

In their final submissions, the parties reiterated what they had already stated in their complaint, reply, evidence and submissions requested by the Arbiter.

Complainant made emphasis on the failure of Service Provider to ensure that appointed distributors were properly executing in line with the rules related to proper assessment of the risk profile of the end user and that appropriateness and suitability tests were being duly performed.

She considered the Service Provider responsible for the product being mis-sold to Complainant and, consequently, should never have withheld penalties and fees for the early liquidation of a mis-sold product.[10]

Service Provider stated that the argument that PL does not retain any suitability and appropriateness assessment is misconceived. They maintained that annual reviews are carried out on randomly selected applications in order to assess compliance with internal standards and identify potential improvements. They emphasised that documentary evidence demonstrates that Complainant

[9] P. 229 - 235
[10] P. 238; 245

acknowledged receipt of the contractual documentation and confirmed her understanding of the product's characteristics, risks and long-term nature prior to entering into the contract.[11]

Analysis and considerations

The Arbiter considers that in this case, Complainant and her legal representative are attempting to make undue enrichment by seeking double recovery of a loss for which they have already been compensated through a settlement agreement signed with the brokers.

The brokers were the entities directly involved in the sale of this product. They had the responsibility of making sure that the product was properly explained and that it was suitable for the Complainant's needs and risk profile.

Service Provider submitted evidence that their documentation offered clear explanation of the product and the type of customer for which it was intended. This documentation is signed by Complainant who claims not having read it either at the signing stage or later through the access given to her on the online platform.

Even though the settlement agreement was signed without admission of liability, nobody would offer that sort of compensation unless they tacitly acknowledge that the sales process was faulty and, consequently, they were responsible for customer's losses.

Consequently, the Arbiter considers that Complainant has already received due compensation for being mis-sold an inappropriate and unsuitable product, even though she did not help the situation by signing documentation blindly.

It has also been established that the bulk of the early termination charges represented costs rather than fees. It is common industry practice that terminating a long-term life policy in the early stages of its term, involves deductions of costs incurred in the set-up of the policy which would have otherwise been recovered during the long-term period of the policy.

[11] P. 252

Evidence has been provided that such early termination costs and fees were properly disclosed and signed off by Complainant.

Given that Complainant:

- admitted she had no direct contact with PL until she realised that the brokers had mis-sold her a product not according to her needs and risk profile, and
- admitted she had signed all PL documentation without reading it, and
- has already been made whole and more by the settlement agreement reached with the brokers,

the Arbiter sees no case for any further recovery that should be imposed on PL against whom no evidence of improper behaviour has been presented.

On the contrary, the Arbiter considers this an attempt by the Complainant to make a feast out of the error of a third party with whom she has already contracted settlement.

The Arbiter considers that before coming to settlement with two of the respondents eventually excluded from the Complaint, Complainant was at the time seeking by way of compensation reinstatement of her status quo ante and unquantified damages.[12]

Decision

Having considered all the evidence and in line with the obligation to decide by reference to what, in his opinion, is fair, equitable and reasonable taking into consideration the particular circumstances and substantive merits of the case,[13] **the Arbiter does not uphold this Complaint** for reasons above explained and, accordingly, this Complaint is denied in its entirety including claims for interest and damages as they have or should have already been included in the settlement agreement reached with two of the three original respondents.

[12] P. 5
[13] Article 19(3)(b) of CAP. 555 of the Laws of Malta

Costs are for account of Complainant.

Alfred Mifsud
Arbiter for Financial Services

Information Note related to the Arbiter's decision

Right of Appeal

The Arbiter's Decision is legally binding on the parties, subject only to the right of an appeal regulated by article 27 of the Arbiter for Financial Services Act (Cap. 555) ('the Act') to the Court of Appeal (Inferior Jurisdiction), not later than twenty (20) days from the date of notification of the Decision or, in the event of a request for clarification or correction of the Decision requested in terms of article 26(4) of the Act, from the date of notification of such interpretation or clarification or correction as provided for under article 27(3) of the Act.

Any requests for clarification of the award or requests to correct any errors in computation or clerical or typographical or similar errors requested in terms of article 26(4) of the Act, are to be filed with the Arbiter, with a copy to the other party, within fifteen (15) days from notification of the Decision in terms of the said article.

In accordance with established practice, the Arbiter's Decision will be uploaded on the OAFS website. Personal details of the Complainant(s) will be anonymised in terms of article 11(1)(f) of the Act.

Costs of the proceedings

In terms of article 26(3)(d) of Cap. 555 of the Laws of Malta ('the Act'), the Arbiter has adjudicated by whom the costs of the proceedings are borne and in what proportion, taking into consideration the particular circumstances of the case.

Where costs are for account of Complainant, Service Provider's costs should only be composed of out-of-pocket expenses incurred in defending their case duly supported by documentary evidence. Such costs are to be capped at level of costs prevailing in Malta for similar services. Internal cost allocations not involving payments to external services providers are not to be included as costs.