

The complaint

Mrs M has complained that Aviva Life and Pensions UK Limited (Aviva) didn't give her the opportunity to increase her premiums to keep the sum assured at the original value when her whole of life policy was reviewed.

What happened

Mrs M took out the reviewable whole of life policy with Aviva in 1993. The original sum assured was around £95,000 with a monthly premium of around £22.

The policy wasn't reviewed in line with its terms and conditions from the outset. This was addressed in 2014 by Aviva when this Service was involved in a complaint concerning this particular issue. As a result, Aviva reconstructed and remediated the policy to its correct status in light of the reviews that should have been carried out.

However, after this complaint was resolved the next policy review due in 2018 also didn't take place. When Aviva recognised this in May 2020 it wrote to Mrs M to explain what had happened again. It also explained that it had carried out the review that was due two years before and found the premiums being paid into the policy were not enough to maintain the sum assured. The letter provided Mrs M with two options – to increase her premiums to maintain the sum assured or keep the premiums as they were and accept a reduced sum assured – to around £27,000.

This letter also stated that if nothing was heard from Mrs M by 22 June 2020 the policy would default to a reduced sum assured. It also stated that the policy could be restored if Mrs M contacted Aviva before 22 July 2020 and agreed to the increase in premiums. Mrs M has explained that she never received this letter from Aviva. But she did receive a letter dated 10 July 2020 which stated her policy sum assured had been reduced as she hadn't contacted Aviva in relation to the May letter. This is what prompted Mrs M to contact Aviva where she found out about the earlier letter that was sent to her in May.

Mrs M explained to Aviva that she wanted to maintain the sum assured at the original level and would pay the back pay in premiums and increase her premiums going forward in order for this to happen. But as Mrs M had contacted Aviva on 27 July 2020 five days after the deadline set out in the May letter Aviva refused to allow her to do this so she had to accept the reduced sum assured.

Aviva was satisfied Mrs M had received the May letter and had just left it too long to contact it.

The complaint was assessed by one of our investigators who felt it should be upheld. He was satisfied that Mrs M, in all likelihood hadn't received the May letter where the deadlines were set out because it hadn't contained her correct address details. He felt that as the letter of 10 July didn't contain any deadlines up to which point the policy could be restored Mrs M wouldn't have known that she had a timeframe to contact Aviva to rectify the matter. He therefore felt Aviva should allow Mrs M the opportunity to restore her policy back to the

original sum assured, allow her increase her premiums and pay the back pay in increased premiums.

Aviva didn't agree with the assessment. So, the complaint has been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I agree with the investigator that the complaint should be upheld.

The key point for me to decide to whether I think Mrs M received the letter of 18 May 2020 and was just too late to contact Aviva or whether she didn't receive it and only received the one dated 10 July 2020 which contained no information about being able to restore the policy if she confirmed this within a specific time period.

I have looked at both the letters. The one from May 2020 is very detailed – it explained the policy had again not been reviewed correctly and that having now done this the premiums weren't enough to maintain the sum assured. The options presented to Mrs M in this letter clearly set out as were the two pertinent deadlines– if nothing was heard from Mrs M by 22 June 2020 the policy would default to a reduce sum assured; but if she wanted to restore the policy to its original sum assured she would have to contact Aviva before 22 July 2020 and agree to the increase in premiums.

The letter from 10 July which Mrs M says she did receive doesn't contain any details about Mrs M being able to restore the sum assured or any timeframes within which this could be done. It just confirmed that the sum assured had been reduced.

It seems strange to me that the two letters contained such different information and I can't see how this is a fair and reasonable approach by Aviva. Given these policies are very important to most people who hold them I think Aviva should have given as much information about them and whatever options may have been open at all points of contact.

Furthermore, I can see that the address details on both letters are different. The letter of 18 May doesn't contain a postcode, but the letter of 10 July does. And while Aviva has said it didn't hold a postcode for Mrs M it would appear it did so it isn't clear why it wasn't included on the May letter. But in light of this, it doesn't seem wholly impossible that Mrs M only received one of those letters – the one with the postcode.

I am also mindful that throughout the process of this complaint Mrs M has been adamant that she wants to keep the policy and the original sum assured and that she is willing to repay the back pay in premiums. These actions don't seem to be those of someone who wouldn't have acted upon receipt of a letter that provided the option to maintain the original sum assured.

Therefore, taking these points into account I think its likely Mrs M didn't receive the letter of 18 May where the deadlines were set out. And I think she would have acted accordingly and within the relevant timeframes had she done so. And given the letter of 10 July didn't have any deadlines or indeed contain any of the same information as the May letter I don't think Mrs M was given all the correct information to enable her to keep the policy at the level she wanted.

The deadline for the point after which the policy couldn't be restored is a key piece of information but by this not being in the May letter how would Mrs M know there was a point after which the policy had to remain at the reduced sum assured.

In my view these letters don't contain the same information when they should have. And I see no reason this would have been. I think that has been detrimental to Mrs M and I am satisfied that, as this seems to be an important policy for her, had she received the letter of may she would have acted within the required timescales to ensure she maintained the sum assured at the original value.

Putting things right

I think Aviva should allow Mrs M to restore the policy back to the initial sum assured of £95,000 if that is still what she wants. She must also agree to pay the back pay in premiums required to maintain this sum assured.

I also think Aviva should pay Mrs M a further £100 for not giving her all the correct and accurate information at all times which in turn has led to this complaint.

My final decision

My final decision is that I uphold this complaint. I direct Aviva Life & Pensions UK Limited to redress the complaint in line with what has been set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 23 March 2022.

Ayshea Khan
Ombudsman