

The complaint

Mr and Mrs D are unhappy that Aviva Life & Pensions UK Limited (Aviva) didn't inform them that they'd taken over the policies and that they didn't have the option to renew their policies at the end of the term.

What happened

Mrs D took out a level term assurance policy for a period of ten years in March 2009. Mr D also took out a policy which started in April 2009. They said they understood that they'd be able to renew their policies at the end of the term and this was verbally confirmed with a representative.

Mr and Mrs D retired to a country outside of the UK in March 2011. They've said they were told that moving would not be an issue. However, they were surprised to find out in March 2019 that the policy had been taken over by Aviva. They were also concerned the option they thought they had to renew was no longer available. They say they've now been left without funeral cover and are finding it difficult to take out similar policies given their age.

Therefore, Mrs D contacted Aviva to complain. Aviva responded to the complaint and didn't uphold it. They said that the policy wasn't sold as a renewable term and the option would have been removed before Mrs D's seventieth birthday in any event.

Mrs D remained unhappy and asked us to investigate. The investigator felt that Aviva had acted fairly and reasonably.

Mrs D didn't agree with the view. She explained that both companies were reputable and as such should have informed her of the changeover of the policies from one company to the other or at least given her the chance to make a decision on how she wanted to proceed.

Also, Aviva have now provided consent for us to look into concerns raised about Mr D's policy.

On 25 October 2021, I issued a provisional decision. I said:

Mr and Mrs D initially took out their policies with a different provider. But Aviva took over the policies and has since taken responsibility for the complaint. Therefore, this decision is correctly set against Aviva who have taken responsibility for the service provided here. For clarity, this responsibility extends to the actions relating to the sale of the policy by the first provider.

I appreciate Mr and Mrs D's concerns that they had spoken to the first provider over the phone a couple of times about their relocation and weren't told about the changeover. I've thought about this carefully.

Aviva have confirmed that a letter was issued to all customers at the time. They don't have a copy of the letter sent in 2011 and I don't consider this unusual given the amount of time which has passed. However, I've seen a copy of the template letter from 2017. Therefore, I consider it likely that Aviva took reasonable steps to notify Mr and Mrs D.

In any event, I've not been presented with evidence to satisfy me that this caused undue difficulty. Also, cover was provided for the duration of the term agreed. So, I'm not persuaded the takeover has contributed to the issues Mr and Mrs D describe after their policies ended.

I understand the policies were for a period of ten years. However, Mr and Mrs D have told us that it was verbally agreed at the point of sale that they could extend it by taking out another policy. Unfortunately, I do have limited information in respect of what happened at that time. This means I must carefully weigh the information I do have and decide what's more likely to have happened.

So, I've looked at the policy documents including the handbook. Mr and Mrs D have explained they didn't receive the handbook. Taking this into consideration, it's usual for a handbook to be provided at the point of sale and the evidence doesn't give me enough reason to conclude that this wasn't the case here. Aviva have also provided the handbook relevant to the time when Mr and Mrs D purchased the policies.

The information in the policy handbook also confirms the registration certificate would confirm the type of agreement. It also provides an explanation of 'renewable date'. The explanation tells me that whether Mr and Mrs D's policies were renewable would have been confirmed on the registration certificate. The handbook also says that if the policy wasn't renewable term cover then the membership would end on the expiry date shown on the registration certificate (providing that the benefit wasn't paid during the term and the premiums were paid).

I haven't seen a copy of Mrs D's registration certificate. However, I've seen a copy of Mr D's registration certificate and can see it gave an expiry date for the policy. There was no renewable date. I've also reviewed a copy of the application form and the quotation provided in March 2009. And having done so I can't see the renewable term option was selected. The quotation states the policy would run for a term of ten years and does not say it was renewable. So, even though Mr and Mrs D say they didn't receive the policy handbook, I think they were given enough information outside of this to understand the nature of the policy.

Aviva have also provided a screenshot of their system entry which specifies an expiry date. Whilst I do appreciate what Mr and Mrs D have said about receiving verbal assurances, the written documentation from the time doesn't support this. Therefore, on balance, I find the policies were likely to have been sold on a non-renewable basis.

Moreover, Aviva have also explained that the renewable option would have been withdrawn prior to Mr and Mrs D's seventieth birthdays. I've reviewed the handbook and I can see that this is confirmed in the policy terms. Given the terms outlined in the handbook, I find it unlikely the policy was sold on a renewable basis and that the sales advisor gave Mr and Mrs D this assurance. This is because Mr and Mrs D's

seventieth birthday passed before the policy term ended and this means that they wouldn't have been able to renew their policies in any event.

Having given this complaint careful thought, I can't say Aviva have done anything wrong here. Mr and Mrs D took out their policies which were for a certain term and the evidence I've seen doesn't persuade me that they were sold on a renewable basis. Cover has been provided for the agreed term, and Mr and Mrs D have accepted they would have had the benefit of the policy should the need have arisen during the term. This also means that, although it was Aviva's decision to discontinue the type of policy, I'm not persuaded the fact they took over the policy unreasonably contributed to the issues Mr and Mrs D have explained they now face in respect of obtaining cover.

Mr and Mrs D are concerned they can't now obtain another policy and I've thought about whether a whole of life policy should've been considered at the point of sale. Aviva have said that the initial provider dealt with setting up the policies, but only within the capacity of promoting products offered under a private membership scheme. They've also confirmed that the initial provider didn't offer a whole of life policy within the membership benefits. I've looked at the application form and can see there is no option for a whole of life policy and so I wouldn't have expected them to have considered this.

Therefore, I'm content Aviva have acted fairly and reasonably in all the circumstances.

I gave both parties the opportunity to provide further evidence and comments before making my final decision.

I didn't receive a response from Aviva. Mr and Mrs D responded with their comments. They explained that the companies involved (referred to as Aviva in this decision) failed to tell them about the takeover and that the policies were no longer going to be extended for another ten years or more. They said the crux of the matter is that had they known of the change at the takeover they would have cancelled or taken out something else. They feel that the money from the point the policy was taken over should be returned.

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.

I appreciate Mr and Mrs D have explained they weren't told about the takeover and would have cancelled the policies had they known. However, I've outlined in my provisional decision the evidence I've seen which satisfies me it's likely Aviva took reasonable steps to inform them. Although it appears Mr and Mrs D didn't receive this, I wouldn't expect Aviva to do anything more here.

In my provisional decision, I also set out what information I'd seen from the point of sale and explained that there was no reference to the policies being renewable (or that Mr and Mrs D would have the option to extend). Based on the evidence, I'm not persuaded that Mr and Mrs D have lost the opportunity to extend the policy as a result of the takeover as the policies were sold on a non-renewable basis.

Having thought carefully, I see no reason to depart from the conclusion I reached in my provisional decision that Aviva acted fairly and reasonably here.

My final decision

For the reasons outlined above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 7 January 2022.

Laura Dean
Ombudsman