

The complaint

Mrs C is unhappy Phoenix Life Limited won't extend her policy in line with the increase in retirement age.

Phoenix Life are responsible for this complaint following a transfer of business with the previous provider.

What happened

In 1987 Mrs C took out a policy that would provide a benefit if she was unable to work due to illness. At the time the policy was sold, Mrs C expected her retirement age to be 60, so the policy was set up to expire on February 2022, when she reached 60 years old.

Mrs C said she had no choice but to select this date, because the termination date of the policy had to coincide with her retirement age, which at the time 60 years old. However, over the subsequent years, state retirement age for females has increased to 67 years old.

Mrs C was unable to work due to illness, so she was claiming a benefit on the policy. Due to being unable to work, she is reliant on her income benefit until her retirement payments starts.

In October 2021 Mrs C received a letter from Phoenix about the settlement options for her policy as she had reached the age of 60. Mrs C complained that her policy was being terminated and her claim stopped. Phoenix explained they were unable to extend the policy past the retirement date she had selected at inception.

Mrs C said the policy says her "*cover continues until retirement*". She thinks it is unfair that her policy still expires at 60 when the state retirement age has now increased. Phoenix maintained there aren't any extension options in the terms and conditions of Mrs C's policy.

Mrs C referred the matter to this service. Our investigator said he didn't think Phoenix had been unreasonable by not extending the policy as Mrs C knew the policy expiry date she'd agreed to.

Mrs C said this was unfair as she hadn't been given a choice to select any other age. She said the policy isn't fulfilling its purpose, which is income protection cover until pensionable retirement age.

The case was passed to me to reach a final decision.

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.

Mrs C thinks it's unfair that Phoenix won't extend her policy in line with the state increase of retirement age. I understand her point her and I can see she is in an unfortunate position of

being too unwell to work, and now also unable to receive any income until her retirement age. But I can't fairly hold Phoenix accountable for her detriment. I'll explain why.

- Mrs C is unhappy that the state retirement age has changed and the impact this has had on her, rather than the way her policy with Phoenix works.
- I note Mrs C's comments that she wasn't able to choose a later end date when the policy was inception. She was given the option to choose an end date of a birthday between 55 and 65, but the policy stipulated it should not extend beyond her anticipated retirement age – which isn't unusual.
- Mrs C said the policy is meant to provide income protection until pensionable retirement age. I understand Mrs C's frustration that state retirement age has now increased, but her policy was only intended to run for a fixed period of time. So I don't think it's unreasonable Phoenix have said they won't extend the policy further than the date they originally agreed to.
- Phoenix took a risk to the age of 60 so Mrs C's premiums and all other costs were based on the policy ending at this age. So I don't think there's anything more Phoenix can or should do in this situation.
- Ultimately, Mrs C knew what her termination date was when she took the policy, and I don't think it's unfair Phoenix have ended the policy as agreed.

Unfortunately, extension of the policy just isn't available. I understand this is disappointing, but there aren't any reasonable grounds upon which I could fairly ask Phoenix to do anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 27 January 2023.

Georgina Gill
Ombudsman