

The complaint

Mr W complains Liverpool Victoria Financial Services Limited (LV) refused to extend his income protection cover, after previously advising this was possible.

What happened

Mr W held an income protection policy with LV since 2011. And he said he took the policy out to cover his mortgage payments in the event that he was unable to work.

The policy was planned to run until October 2021. However Mr W had seen information on his annual statement suggesting the policy term could be extended. Mr W decided he wanted to extend the cover beyond 2021, and asked LV about this. LV said it no longer sold the product Mr W held, so it was unable to extend the term beyond the planned end date.

The statement sent to Mr W in April 2021 contained the following wording under the heading *"Increases or decreases at any other time"*.

"You can also increase or decrease your cover, change the end date of your cover, or change some other aspects of your Plan, at any time. Depending on the change you are requesting, there may be some instances where we will ask you for information on your health or occupation before agreeing to change your cover. All changes will be subject to the limits which apply at that time ."

And the terms of Mr W's policy set out the conditions around making changes to the cover.

"You can apply to change the amount of your cover, your waiting period or the term of your policy at any time."

"Unfortunately, we can't guarantee that you'll be able to do this, as it will depend on your age, health and medical history, leisure activities and whether we're offering the same type of insurance at that time."

Mr W complained to LV. LV said the wording on the statement it sent in April 2021, stating that Mr W could change the end date of his cover, was an error. It said it had stopped selling the particular policy Mr W had in 2017, so it could no longer offer an extension on the cover. And it said it didn't think it needed to inform Mr W it had stopped selling his type of policy, as this change didn't impact the cover term he had in place at the time.

Unhappy with LV's response, Mr W brought his complaint to this service. An investigator here looked into what had happened and said they thought LV had made an error in the information it provided in the statement. And because of this, they thought it should pay £150 in compensation.

LV accepted the investigator's view. However Mr W disagreed. In summary he said LV should have informed him when it stopped offering his type of policy in 2017. And had it done so, it would have given him more time to look for a new policy, which might have been cheaper than the ones he could access in 2021.

Mr W asked for a decision from an ombudsman, and so the case has been passed to me.

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've also looked at the relevant rules and industry guidelines, which say LV has a responsibility to communicate in a way which is clear fair and not misleading. And must act honestly and fairly.

Having done so, I think LV needs to do something to put things right. And I'll explain why.

- The terms and conditions of Mr W's policy with LV state policyholders can apply to make changes to their cover. However, they go on to say that requested changes are not guaranteed. The terms specify that LV may need to check various information with the policyholder to confirm the change. And they say the change is also dependant on whether or not LV is still offering the same type of insurance. So in this case, although Mr W was entitled to ask LV if it would change the terms of his cover, I think the policy terms make it clear that this is dependant on checks LV may want to make, and that the same policy still has to be available. And at the time Mr W enquired about the change in 2021, his type of policy had not been sold since 2017. So I don't think LV acted unfairly in not agreeing to extend Mr W's cover beyond the planned end date.
- Mr W has said LV should have informed him in 2017 when it stopped selling the policy he held. I've considered this and the points Mr W has made. However, LV's decision to stop selling the product to new customers didn't impact Mr W's policy, and this continued to run as normal until the planned end date. LV is entitled to decide which products it wants to offer and when it wants to stop offering a product. And Mr W hadn't told LV he had any intention to extend his cover term at the time the product was withdrawn to new customers. So I don't think it would be fair to expect that LV would notify Mr W of a change that wouldn't necessarily impact him.
- Mr W has said if LV had informed him it was no longer offering his policy in 2017, he would have had more time to look for a new policy, and this may have been cheaper at that time. Whilst I don't dispute what Mr W has said, I think he may be exercising some benefit of hindsight. He first contacted LV about the possibility of extending his cover in February 2021 and was correctly advised that the policy couldn't be extended. So this persuades me that had Mr W contacted LV at any earlier point since the policy was withdrawn to new customers in 2017, he would have been given the same correct information about being unable to extend his cover. But as he didn't ask LV about this until 2021, I don't think it would be fair to hold LV accountable for the extra time he could have had to look for a new policy, had he raised the question sooner.
- The annual statement sent to Mr W in April 2021 said the end date of the cover could be changed at any time. And it went on to say LV may need to check information before agreeing to make the change, and it said changes would be subject to the

limits which apply at the time. I agree that this information was misleading, as in 2021, the cover could no longer be extended, because the product was no longer for sale. LV said this information was included on the 2021 statement in error. And it accepted our investigator's recommendation that it should pay Mr W £150 because of the mistake.

I think £150 is sufficient to compensate Mr W for the impact of the error in the information he was provided on his statement in April 2021. I say this because when Mr W previously contacted LV in February 2021 to discuss extending his cover, he was correctly informed that this wasn't possible. And, both the statement and the terms and conditions contain wording which explains that changes to the cover are subject to limits, or to the policy still being offered. So although LV made an error in stating that the end date of the cover could be changed, I'm satisfied it was clear this wasn't guaranteed to be possible. So I don't think any higher amount of compensation is warranted in this case.

My final decision

For the reasons I've given, it's my final decision that I uphold this complaint. And I direct Liverpool Victoria Financial Services Limited to pay Mr W £150 in compensation.

Liverpool Victoria Financial Services Limited must pay the compensation within 28 days of the date on which we tell it Mr W accepts my final decision. If it pays later than this, it must also pay interest on the compensation, from the date of my final decision to the date of payment, at 8% simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 September 2022.

Gemma Warner
Ombudsman