DRN-3686071

The complaint

Mr and Mrs V complain about The Royal London Mutual Insurance Society Limited trading as Scottish Provident, referred to as "the business".

In short, they're unhappy that the business refused a claim despite them paying towards a policy. They are also unhappy about the redress offered by the business – they don't think it accurately reflects the mistake made by the business.

What happened

Mr V tried to make a claim on his life insurance policy, following a heart attack, but the business rejected the claim. It said that the policy didn't belong to him, despite him paying towards it. Unfortunately, the policy that did belong to him (and Mrs V) – under which this complaint is being made – lapsed in 2006 for lack of payment of premiums.

In due course Mr V complained to the business. In a Final Response Letter (FRL) dated June 2022, the business upheld the complaint. It said that since 2003 it had been mistakenly collecting premiums for a policy (referred to as the 2003 policy) that didn't belong to him.

It also said that in May 2022 it had already refunded the premiums collected – with 8% simple interest – plus £200 compensation for the distress and inconvenience caused. It doesn't accept that it's responsible for Mr and Mrs V cancelling their policy (or allowing it to lapse) in the belief that they had a policy in place, because they did of their own volition and without consulting the business.

Unhappy with the business's response, Mr V referred the complaint to our service. One of our investigators considered the complaint but didn't think it should be upheld. In summary, he said:

- The business accepts that it made an error by taking premiums for a policy that didn't belong to Mr V. As a result, it refunded all the premiums, with 8% simple interest, and £200 compensation for the distress and inconvenience caused. So, Mr V was put back in the position they would've been if the premiums hadn't been (mistakenly) taken in the first instance.
- In 2006, Mr (and Mrs V) chose to cancel their own policy without consulting the business. But they continued paying for the wrong policy.
- In the circumstances, and on balance, they ought reasonably to have noticed (the additional) payments being made and raised concerns about it with the business. If they had done so, the error would've been rectified, and they could've reinstated their policy if that's what they wanted.
- Even if the (2003) policy belonged to Mr V it was still due to end in 2018, so he wouldn't have been able to make a successful claim in any event.
- Despite what Mr V says about taking out a new policy – once theirs ended – the (2003) policy documentation shows that it still would've ended in 2018.
- Although the premiums were (mistakenly) collected, there's no evidence that these were paid towards a policy that belonged to Mr V.

Mr V disagreed with the investigator's view and asked for an ombudsman's decision. There's been much correspondence between him and the investigator, but in summary, he said:

- He doesn't feel like he's been put back in the position he would've been in but for the error.
- Despite what the investigator says, he doesn't agree that he should've investigated the unexpected payment – as it wasn't so unexpected to be paying for life cover that he thought was his.
- He doesn't remember deciding to allow their policy to lapse.
- He's seen no evidence that they were written to.
- He would've taken out another policy in 2018, because it was a requirement of their mortgage provider.
- Too much has been made of what they (purportedly) did wrong.
- If one of them should die, the business should pay out the sum assured.

The investigator having considered the additional points wasn't persuaded to change his mind. In summary, he said:

- Despite the policy in question not being in Mr V's name it would've ended in 2018 in any event. So, even if the policy had remained in place, it would've ended by the time a claim was raised.
- Although Mr V says he/they definitely would've taken out a further policy once theirs ended in 2018, they didn't. So, despite what they say, he's not convinced that they would've.
- In this instance the business has returned the premiums with 8% simple interest, along with £200 compensation for the distress and inconvenience caused, which is fair and reasonable.
- Despite the error, the business has acted in line with our services expectations.
- The business has done nothing wrong by refusing a claim for a policy that wasn't valid.

As no agreement has been reached, the matter has been passed to me for review.

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, and on balance, I agree with the investigator's conclusion for much the same reasons. I'm not going to uphold this complaint.

Because the business accepts that it made a mistake – by collecting premiums that it shouldn't have – the key issue for me to consider is redress and whether or not it's fair and reasonable in the circumstances. Having done so, and on balance, I think the redress paid by the business – comprised of a refund of all the premiums, with 8% simple interest, and £200 compensation for the distress and inconvenience caused – is broadly fair and reasonable in the circumstances.

For the record, I also don't think the business was wrong to refuse a claim for a policy that wasn't in Mr V's name, despite him paying towards it for a number of years.

Before I explain why this is the case, I think it's important for me to recognise the strength of feeling Mr V has about this matter. He's provided submissions to support the complaint, which I've read and considered carefully. However, I hope he won't take the

fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy.

The purpose of my decision isn't to address every single point raised under a separate subject heading, or undertake a forensic analysis of the evidence, it's not what I'm required to do in order to reach a decision in this case. I appreciate this can be frustrating, but it doesn't mean I'm not considering the pertinent points in this case.

My role is to consider the evidence presented by Mr V, and the business, and reach what I think is an independent, fair, and reasonable decision based on the facts of the case – I'm not here to take sides.

In deciding what's fair and reasonable, I must consider the relevant law, regulation, and best industry practice, but perhaps unlike a court or tribunal I'm not bound by this. It's for me to decide, based on the information I've been given, what's more likely than not to have happened.

I note that the business made a mistake which it accepts, but this doesn't mean that Mr V is now entitled – in the event of a claim – to the sum assured. Even though the business (mistakenly) collected premiums for a number of years, the policy did not belong to Mr V therefore he can't make a claim against it. Despite what he says, I don't think this conclusion is unfair or unreasonable.

I appreciate Mr V thought he was paying towards a policy that was in his name, but I've seen nothing to suggest that he was told this/led to believe that this was the case by the business. So, despite what he thought, the policy wasn't his, or in his name, so there's no mechanism by which he could make a valid claim. In other words, and on balance, he wasn't entitled to any pay out – and I can't say that the business did anything wrong by refusing to uphold a claim in respect of a policy that wasn't valid for him.

In the circumstances, and on balance, I think a refund of all the premiums – with 8% interest – puts him in the position he would've been in but or the error. In other words, had he not been paying for a policy that didn't belong to him, and being deprived of the money he paid.

I also think the £200 compensation paid in respect of the distress and inconvenience caused is fair and reasonable, and broadly reflects the distress he would've experienced after the claim was refused, and the error came to light. I'm mindful that he wasn't aware of there being any issue all the years that he's been paying towards the policy.

I note Mr and Mrs V cancelled their policy in 2006, because they thought they had cover in place at the time. But they didn't confirm their belief with the business before deciding to cancel the policy – instead they did so, of their own volition, without seeking any advice or guidance from the business. This might explain why the investigator thought that if they had, before taking any action, the error might've come to light sooner and they would've had the option to continue their 2006 policy if they still wanted to.

Despite what Mr V says, I've seen nothing to suggest that the business confirmed that the premiums collected – post cancellation of their policy – were going towards a new policy in his name. Despite what Mr V says, I've seen nothing to suggest that he was told this by the business.

The above notwithstanding, I note that the 2003 policy was for a term of 15 years, so even if it had been in Mr V's name (which it isn't), and he'd been paying towards it, the policy still would've ended in 2018. Therefore, and on balance, I think it's unlikely in any event that he would've had a valid policy in place at the time, and to make a claim against. So even if the

policy had been his and he'd been paying towards it, he was unlikely to have received a pay out in respect of a policy that didn't exist.

I note Mr V says that in 2018 he would've taken out a new policy, suggesting that he would've had a policy to claim against, and that somehow the business is to blame for this. But despite what he says about it being a condition, I note that he didn't take out a new policy in 2018, and therefore, and on balance, was unlikely to. I've seen nothing that would've stopped him from doing so if that's what he wanted to do.

I appreciate Mr V (and Mrs V) will be thoroughly unhappy that I've reached the same conclusion as the investigator, and I realise my decision isn't what they want to hear.

I note they believe that the business should pay the sum in relation to Mr V's claim in respect of the policy in question, but I don't agree. Whilst I appreciate their deep frustration and anguish, in light of what the business has already paid, I'm not going to ask the business to do anything further.

On the face of the available evidence, and on balance, despite what Mr and Mrs V say, I'm unable to give them what they want.

My final decision

For the reasons set out above, I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V and Mr V to accept or reject my decision before 31 August 2023.

Dara Islam
Ombudsman