

## **The complaint**

Mr S complains to Countrywide Assured Plc (Countrywide) about his whole of life Disability Income protection policy.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my 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.

Having done so, I agree with the conclusions reached by the Investigator for these reasons:

- In August 2021, Countrywide confirmed to Mr S that there would be no Disability Income Benefit payable in the event of a claim on his policy due to him receiving a continuing early retirement pension income.
- It isn't in dispute that Countrywide weren't made aware of the changes in Mr S's income circumstances prior to him contacting them in 2021.
- It's recorded in the personal financial review, completed when the policy was taken out in 1996, that Mr S was aware accepting the offer of early retirement could affect any sickness provision he may wish to take.
- I also acknowledge Countrywide included in their annual statements to Mr S, key questions to ask, such as 'Do I have too much or too little protection at the moment?'
- However, from at least the point from which Mr S was in receipt of a pension income, ultimately Countrywide were receiving premiums from him for a policy they were never at risk of having to pay out a benefit on. And when an insurer is not at any risk of paying out a claim, I don't think it's fair or reasonable for them to retain premiums, even though they weren't made aware sooner.
- Because of this, and that the income protection element was the primary and only significant benefit of this policy, Countrywide should refund those premiums.
- I don't require Countrywide to pay interest on the premiums prior to them establishing Mr S was over-insured in August 2021. It wouldn't be fair to ask them to pay interest when they were unaware of his change in circumstances. But they should add interest on any premiums paid after this date.

For the reasons set out above, I'm upholding this complaint.

## **Putting things right**

To resolve this complaint Countrywide Assured Plc should:

- calculate the date from when they would've paid Mr S zero benefit should an income protection claim have been made on the policy and refund all the premiums paid after that date,
- add 8% simple interest to any premiums paid after August 2021 until the date of settlement,
- and pay Mr S the surrender value of the policy as at the date they calculate he'd have received zero benefit.
- Countrywide should deduct any amount received by Mr S upon him surrendering the policy from the above amount due.

## **My final decision**

My final decision is that this complaint should be upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 July 2023.

Sean Pyke-Milne  
**Ombudsman**