

The complaint

Mr J and Mrs J complain that ReAssure Limited mis-sold them a whole of life policy in 1989 and provided incorrect information about their premiums in 2020.

What happened

In 1989, Mr J and Mrs J met with a financial adviser of a business that has since been acquired by ReAssure who have taken on responsibility for the sale and dealing with any complaints. The initial premium of £20.56 was split between life cover and savings, with the life cover provided being £32,156 if either Mr J or Mrs L passed.

Mr J and Mrs J complained to ReAssure in 2020 that they hadn't been told that the premiums were reviewable and believed the policy was inappropriate because they thought the premiums were fixed.

ReAssure provided a final response to Mr J and Mrs J and didn't uphold the complaint. ReAssure said there was a need identified for the policy and that it had provided full details of the policy in the illustration and Plan for Life brochure provided at the time of the sale, and when they issued the right to cancel notice soon after the policy started. ReAssure told Mr J and Mrs J that the premiums for the life cover part of the policy had been cancelled at inception, but later responded to say this was an error. ReAssure offered Mr J and Mrs J a payment of £300 to reflect the upset caused by their error in the final response.

Mr J and Mrs J didn't accept the offer from ReAssure or their final response and brought their complaint to the Financial Ombudsman Service. One of our Investigators looked into things and thought that the policy hadn't been mis-sold, and that the offer made by ReAssure of £300 for the upset caused when they provided incorrect information about the premium to Mr J and Mrs J was a reasonable one.

Mr J and Mrs J asked that an Ombudsman now decides the complaint, so it has been passed to me to consider.

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 understand Mr J and Mrs J will be disappointed, but for very much the same reasons as the Investigator I've decided the policy wasn't mis-sold and that the remedy offered by ReAssure for the upset they caused when they told Mr J and Mrs J the premiums had been cancelled from the start of the policy was a reasonable one. I will now explain why.

Mis-sale of the policy

The sale of the policy happened more than 30 years and there is no record of what Mr J and Mrs J discussed with the adviser when it was sold. I've considered the documents Mr J and Mrs J and ReAssure have provided and taken into account recollections of Mr J and Mrs J

and what ReAssure say happened. My decision takes into account what I consider was more likely to have happened at the point of sale based on this evidence.

The first thing I need to consider is was there a need for the policy. Mr J and Mrs J say that they wanted a policy to provide life cover, and at the time they had two dependent children. Mr J and Mrs J have also told us that it was their intention to use the policy to cover funeral costs if they passed. Because of this I'm satisfied that there was a need for the policy and because there was no specific timescale for the policy to run, it's more likely than not a whole of life policy would have been a suitable policy at the time.

Mr J and Mrs J say they can't recall being told the premiums could increase and point me to the illustration provided to support this. I can see the illustration and the policy schedule from the time don't specifically say the premiums, or life cover, could increase or decrease. However, these documents make it clear that customers should refer to the Plan for Life brochure for the full policy details. And, I've seen that when they signed the application form, Mr J and Mrs J signed to confirm they'd read and understood the Plan for Life brochure that was likely provided with the documents. Shortly after the application form was signed by Mr J and Mrs J, ReAssure wrote to them to and provided a further copy of the Plan for Life document directly alongside a right to cancel notice.

The illustrations, policy schedule and application form make it clear that the level of protection recommended was 'High Protection'. The Plan for Life brochure specifically refers to how a High Protection policy differs and how reviews are carried out after the first 10-years to establish if the level of cover can still be provided. It says the cover will only be maintained for 10-years (as Mr J and Mrs J were under 60 at the time the policy started) and that its likely ReAssure may ask for the life cover to reduce. Or, alternatively Mr J and Mrs J could increase their monthly premium to maintain the level of cover.

So, although I understand Mr J and Mrs J say they can't recall being told that the premiums could increase, I consider it's more likely than not Mr J and Mrs J would have been provided these documents, and that it's more likely than not the adviser or ReAssure had made them aware this was the case.

Premiums cancelled from inception

ReAssure don't dispute they made an error in telling Mr J and Mrs J that the protection premiums had been cancelled from the start of the plan. They've since confirmed to Mr J and Mrs J that this wasn't the case, and that the protection premiums were collected until the policy lapsed in 2019. I can see that ReAssure made the error in a letter to Mr J and Mrs J dated 30 April 2020, but after Mr J contacted ReAssure, they confirmed in July 2020 this wasn't the case. ReAssure later offered £300 for the upset the error had caused.

I can appreciate this must have been frustrating for Mr J and Mrs J, and that it took several months for ReAssure to clarify the position regarding the premiums, but I'm satisfied the offer made is a fair and reasonable one in the circumstances of this case.

My final decision

ReAssure Limited have already made an offer to pay £300 to settle the complaint and I think this offer is fair in all the circumstances. So, my decision is that ReAssure Limited should pay Mr J and Mrs J £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 17 November 2022.

Paul Lawton
Ombudsman