

The complaint

Mrs P complains about an error made by The Royal London Mutual Insurance Society Limited (Royal London) that caused her whole of life assurance policy to lapse. Mrs P's also unhappy Royal London didn't reinstate her cover until after they'd investigated things.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again here. The facts aren't in dispute, rather it's what Royal London should do to put things right that remains unresolved, 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, whilst I understand my decision isn't what Mrs P wanted, I agree with the overall conclusion reached by the investigator. I'll explain why:

- First, I'd like to say it's clear having life assurance in place to protect her family is important to Mrs P. She points out had she died during the time the policy had lapsed, her family wouldn't have been covered nor would they have been aware an error had occurred.
- I can understand why Mrs P would've been caused both distress and inconvenience upon finding out her policy had lapsed, and she'd not had cover in place for over two years prior. But I must consider how Mrs P was impacted from the time she was made aware – not from the point the error occurred.
- This is because Mrs P wasn't caused distress or inconvenience prior to finding out - she wasn't aware there was an issue. And I can't punish a business for something that might have happened but didn't happen. Thankfully the worst didn't happen to Mrs P.
- Royal London offered £500 in recognition of the distress and inconvenience their error caused. For the reasons I've explained I'm satisfied this is fair and reasonable in the circumstances of this case.
- Mrs P's policy shouldn't have lapsed. It did so because of Royal London's error, and in this case, I'd expect them to put Mrs P back in the position she would've been in had the error not occurred. I'm pleased Royal London have reinstated Mrs P's policy on its original terms.
- Mrs P mitigated the risk to her family by taking out a replacement policy at a higher premium when she was told by Royal London her cover wouldn't be reinstated until the matter had been investigated.
- I acknowledge Mrs P feels strongly the cost of the replacement policy should be reimbursed. And by this not happening the amount of compensation she's being offered is effectively reduced, but I don't agree this is the case.

- This is because Royal London reinstated Mrs P's original policy as opposed to setting up a new policy on less favorable terms. Generally, this would require any outstanding premiums to be paid up – in this case three annual premiums that were missed. But in recognition of their error, Royal London paid these premiums to bring the policy up to date.
- Mrs P would've had to pay these premiums had Royal London's error not occurred.
- I'm satisfied it would be unfair to ask Royal London to also reimburse Mrs P for the additional policy she took out whilst she had no cover – which is less than they covered to bring her reinstated policy up to date. This is cover which would've benefited her family had the worst happened and that she also has the option of cancelling now her original cover has been reinstated.
- While I appreciate Mrs P will be disappointed with my findings, in the circumstances of this case, I agree Royal London did something wrong, but I'm satisfied what they've already offered to do to put things right is enough.

For these reasons, I uphold this complaint.

Putting things right

Royal London has already made an offer to pay compensation of £500 to settle this complaint and I think this offer is fair and reasonable in all the circumstances.

So, my decision is The Royal London Mutual Insurance Society Limited should pay Mrs P £500.

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 Mrs P to accept or reject my decision before 7 February 2023.

Sean Pyke-Milne
Ombudsman