

The complaint

Ms D complains that ReAssure Limited intended to end a whole of life policy that had been assigned to her.

What happened

In 2019, as part of an agreement with another party, Ms D took ownership of a term assurance policy. Although the policy was taken out with another Insurer, ReAssure has taken on responsibility for the policy. In telephone calls with ReAssure in 2018, Ms D was told that the policy was a whole of life policy and she expected that the policy could be maintained after 2023. Ms D continued to pay the premiums for the policy but unfortunately, the policy term ended in August 2023.

Ms D complained to ReAssure that as the policy was whole of life and she should be able to pay premiums until she was 90, and then when the premiums stopped, the policy would pay out on death. Ms D said she wanted to cover to continue. Initially ReAssure didn't uphold the complaint and explained to Ms D that the policy was not a whole of life policy but was instead a term policy that ended in August 2023.

After Ms D brought the complaint to the Financial Ombudsman Service one of our Investigators looked into things. ReAssure reviewed the telephone calls with Ms D during August 2018 and accepted Ms D was told several times that the policy was whole of life. ReAssure accepts that Ms D had made her decision to take ownership of the policy based on what she'd been told in this call and offered to repay all premiums Ms D had paid since she took ownership of the policy and add interest at 8%. ReAssure also offered to pay Ms D for the distress caused. The Investigator thought this offer was a fair and reasonable one as it put Ms D back into the position she was in before she took ownership of the policy.

Ms D asked that an Ombudsman decides the complaint.

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 would like to apologise to Ms D and ReAssure for the delay in this case being passed to an Ombudsman to decide. We do try and look at cases in date order, but we've had a number of similar cases at decision, and this has meant we've not been able to consider a decision as quickly as we would have liked. I'm very sorry for the delay in this case.

I understand Ms D has strong views about the outcome of this complaint but for very much the same reasons as the Investigator I've decided that the offer made by ReAssure is a fair and reasonable one in the circumstances. I can also confirm that I've independently reviewed the evidence and comments provided by Ms D and ReAssure.

In 2018 Ms D spoke with ReAssure regarding a policy that a third-party had taken out on the life of Ms D. Ms D wasn't aware of the policy or what type of policy it was until 2018 and

there's no dispute that ownership of the policy was transferred to Ms D in 2019. The crux of this complaint is that ReAssure told Ms D the policy was a whole of life and Ms D says she made her decision to take ownership because she believed it would continue to provide life cover past 2023. ReAssure has accepted that it got things wrong when it told Ms D the policy was whole of life, so I now need to consider whether the remedy ReAssure has offered is a fair and reasonable one in the circumstances.

The documents I've seen support the end date of the policy was always August 2023. Part of the premium was invested, but I'm satisfied the policy was not a whole of life policy – it was a term assurance policy that would end in 2023. Ms D wants the policy to be converted to a whole of life policy. Whilst I empathise with Ms D in this regard, the policy was never a whole of life policy, so I don't think it would be fair and reasonable for me to direct ReAssure to convert the policy to whole of life.

Ms D believed a whole of life policy would provide valuable Life cover and financial security for her and her husband for many years. Ms D says that she wouldn't have taken ownership of the policy if she'd known the policy would end in August 2023. Having considered Ms D's submissions and what she told ReAssure on the telephone calls, I'm persuaded it's more likely than not Ms D wouldn't have taken ownership of the policy if she'd know it only had a few more years to run. So, I've decided that it would be fair and reasonable for ReAssure to refund all of the premiums Ms D paid – since taking ownership of the policy – and pay 8% simple interest on these payments until the settlement date. In my opinion this puts Ms D back into the position she would have been in if she had been told the policy would end in August 2023.

Ms D says that if ReAssure had provided the correct information to her in 2018, she would have taken out a new policy to provide the financial security she wanted. Ms D says she compared what ReAssure had told her about the policy and what was available if she had made other financial arrangements. Based on the incorrect information ReAssure provided, Ms D decided to take over the policy and discard the idea of making other plans.

I want to make it clear that the process Ms D went through to take ownership of the policy relied on the third-party co-operating with ReAssure and agreeing to the transfer. I don't think this would have been easy to achieve in the circumstances of this case, and it would have caused Ms D some inconvenience. However, I can't say that this inconvenience is something that ReAssure could reasonably have avoided - third-party involvement was required and some inconvenience to Ms D was always likely.

I've seen details of some policies Ms D compared to the ReAssure policy in 2018, but these were based on a different sum assured and were level term, not whole of life. Even at this time the premiums for a new 10-year policy were at least 20% higher, and that is without underwriting. Ms D has commented that she couldn't afford the premiums illustrated, so I consider it more likely than not that she wouldn't have taken out a new policy in 2018. However, Ms D has been left feeling she missed the opportunity to consider other options that may have been available in 2018. I'm satisfied this has caused her some distress, but I consider the £400 ReAssure has offered to pay Ms D is fair and reasonable in this case.

My final decision

I've decided that ReAssure Limited has made a fair and reasonable offer to settle Ms D's complaint, so I will ask Reassure Limited to:

- refund the premiums Ms D paid on the level term policy from when the ownership was transferred to her unto the maturity date

- pay interest* on the premiums Ms D has paid at 8% simple per year until the date of settlement
- pay Ms D £400 for the distress caused

* If ReAssure Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms D how much it's taken off. It should also give Ms D a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 9 October 2023.

Paul Lawton
Ombudsman