

The complaint

Mr B complains about the way Aviva Life & Pensions UK Limited (Aviva) administered his reviewable whole of life (RWOL) policy.

What happened

Mr B took out a RWOL policy in 1991 provided and administered by Aviva. There's little information available about this policy given the passage of time since it started, but from what is available, the following is known about it:

- It was reviewable, from the tenth year then every five years until the age of 70 when it would be reviewed annually.
- Mr B was the policyholder but not the life assured under the policy.
- The initial premium was £29.93 with a sum assured of £134,010.
- It had an investment element.

When the reviews took place, the following happened:

- 2001 – Mr B increased the premium to maintain the level of cover.
- 2006 – Mr B didn't respond to the review letter and so the sum assured was reduced to £81,344.
- 2011 – No changes were required so the policy remained as it was.
- 2016:
 - Prior to the review Aviva had reviewed previous calculations used in those and identified an error, which caused it to increase the sum assured to £147,747 and reduced the premium to £39.62.
 - When the 2016 review took place the sum assured was reduced to £135,465 as Mr B hadn't agreed to the premium increase.
- 2021 – Monthly premium increase from £39.62 to £79.52 wasn't accepted reducing the sum assured to £92,172.
- 2022 – Monthly premium increase from £39.62 to £94.92 wasn't accepted reducing the sum assured to £39,761.

Following receipt of the 2022 review, Mr B thought to complain to Aviva about the actions it had taken on his policy. Aviva considered his complaint but didn't uphold it. It said this was because it had fairly adjusted the policy and had given Mr B options to increase the premium to maintain the sum assured.

As Mr B didn't think Aviva fairly answered his complaint he asked our service to look into what happened. One of our Investigators looked into the matter but also didn't think to uphold it. He explained this was because while he thought the information Aviva provided

wasn't clear enough, had it provided clear information he thought the most likely steps Mr B would've taken was to leave the sum assured to reduce, because most of the time that's what he did.

Responding to our Investigator, Mr B disagreed with the view he reached. In his view Aviva had prevented him from making a choice at the time and was improper for our Investigator to speculate what Mr B would've done instead. He said the options were forced on him and that his silence ought not to amount to acceptance of the policy changes.

Our Investigator wasn't persuaded to change his mind and as there was no agreement, Mr B's complaint was passed to me to decide.

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'd first like to acknowledge Mr B's patience while he's been waiting for a final decision on this matter from our service. However, having carried out my own independent review I won't be upholding his complaint, for largely the same reasons our Investigator didn't. I'll explain why.

To direct Aviva to compensate Mr B here I would need to be persuaded on the balance of probabilities that Aviva fell below its obligations to him, and that this caused him detriment. This last part is important here because as I'll explain I don't think Aviva provided clear enough information about the reviews of his policy, but if it did, I'm not persuaded Mr B would've done anything different with the options available to him. I'll explain why.

There is limited information about this policy in its early years and a copy of the original terms and conditions haven't been provided, which would set out when and to what extent Aviva would be able to make changes to the policy – specifically the premium and / or the sum assured. I can't be sure then what Aviva told Mr B about this policy, and the changes it could make to it when he first bought it. But due to the passage of time since this policy was taken out, in 1991, it isn't unreasonable that hasn't been provided.

I've instead considered what I think it's likely Mr B was told in the absence of that evidence. In doing so I've considered my experience of these policies, how Aviva tended to communicate them, how it actually administered Mr B's policy, frequency at which reviews took place, and the letters communicating those. In my view these factors persuade me it's more likely than not Aviva explained this policy was reviewable, what that meant and the impact this could have on his premium and / or sum assured. I say this because the communication from Aviva to Mr B about how this policy was managed was carried out in a consistent manner with what the terms and conditions typically say about these policies. I also note Mr B had accepted the first review's proposed premium increase which suggests some recollection at the time that his policy could change in the future.

It follows I think it's likely the premium and sum assured under this policy weren't guaranteed for more than the first 10 years, at which point the first review would take place. From then on Aviva would review the policy – including the cost of life cover and the performance of the invested element – and project what it thought would be needed for the policy to reach the next review.

But importantly to make changes under this policy, Aviva needed to set information about them to Mr B in a clear, fair and not misleading manner. Which in my view ought to include warning around the potential changes that might be needed in the future. I say this because

in meeting the regulator's requirements around this, firms needed to ensure that they provide policyholders with sufficient information for them to be able to make an informed decision about what changes to make on their policy, and how this might affect it in the future.

A key point in the life of Mr B's policy is the point at which the cost of the life cover exceeds the premium he is paying, the "tipping point". In Mr B's circumstances as I've not seen enough information to determine at which point that tipping point was reached, the significant change required to maintain the policy following the 2021 review suggests that tipping point was likely reached around that time at the latest.

Prior to 2021 it is difficult to evaluate where life cover costs haven't been provided, and Aviva had carried out its own significant corrections to the policy in 2016. I have been provided with some back office evidence about the 2001 review which could be read to mean the policy was projected to fail in the future. I say this because the review data has a question "Is this case on target?" and the number "0" which I think indicates "No" where another Yes/No question is answered as "1". I think it's likely then from the first review Aviva had concerns about the longer term sustainability of Mr B's policy.

Having then read the review letters provided since the policy began until the complaint was made, I don't think Aviva provided Mr B with all the information it ought to have. I say this because while it provided useful information about the changes it was suggesting, I've not seen it explained what the costs of the life cover were and the value of the investment pot at the same time, which would be key information for Mr B being able to fully understand why the policy terms had to change, and what decision he wanted to make. The review letters also only focused on what was needed to fund the policy until the next review and didn't clearly show what future changes might be needed, and how significant those might be if action wasn't taken earlier to amend the premium or sum assured.

As Aviva hadn't provided clear, fair and not misleading information in those reviews to allow Mr B to make an informed decision, I need to consider on the balance of probabilities whether he would've done anything differently. And if so, what that most likely would've been. I understand Mr B has taken exception to that approach but that is the approach our service takes when considering complaints – i.e. to put consumers in the likely position they would be in had what went wrong not happened.

When deciding this I've considered such factors as what Mr B tended to do in those reviews, his continuing need for the policy and the options available to him.

Apart from the first review, Mr B opted to continue with his policy by maintaining the premium and reducing the sum assured. It's unclear why Mr B originally took out this policy but by maintaining the premium in a consistent manner as he did following the first review, I consider it's likely he still had a need for this cover and wanted to keep it. It's possible clearer information about the value of the investment pot of this policy might have led him to think to cash it in. But at those earlier reviews there was still a significant sum assured being provided under the policy for a relatively low premium and it's likely Mr B would've still considered the policy to provide reasonable value for his needs. It follows then I think it's likely had Aviva provided clearer information in the earlier reviews, those between 2006 and 2021 inclusive, Mr B would've continued with the policy maintaining the premium as he did.

In my view it would only be at the 2022 review where I consider the policy lost its value in Mr B's mind. I say this because at that review the proposed changes were much more significant and sudden, with an increased premium of £94.92 being proposed which if not accepted would lead to a fall in sum assured from £92,172 to £39,761, which led to his complaint.

His options at this review were limited. He could either pay the increased premium, accept the reduced sum assured or encash the policy value, which was around £400. In thinking about which of these is most likely I've also taken into account Aviva's more recent reviews explain it won't reduce the sum assured below a minimum guaranteed amount of £11,681. Given the small amount of value left in the policy and as it appears to have offered a minimum guaranteed amount of £11,681 in return for the premium he was paying, I think it's likely that benefit would've been worth more to him than cancelling the policy and encashing the residual investment value. I'm satisfied that would be the case whether Aviva provides that guarantee on the basis of the current premium remaining the same or not, as in either view I think Mr B would still see value in continuing with his policy where the cash-in value is much less than the benefits the policy could still offer.

I fully understand Mr B's point that he feels Aviva prevented him from making his own choices at the time, which could've included shopping around for alternate cover. I've considered what Mr B has said about that but to get a policy that provided similar levels of cover would likely have come at a similar price, as it can't be escaped that the cost of providing life cover increases with age – as the policy becomes more likely to pay out it becomes more expensive. To illustrate, Aviva told our service in response to our Investigator's view of the complaint that £50,000 cover would cost around at least £170 a month. So alternative cover elsewhere will still increase with age and likely have been available at a similar price to what he was already paying, with the similar future risks of the cost increasing over time. I don't think then had Mr B been able to shop around that he would've been able to source similar cover at a much better price.

Mr B has also said that his silence in response to reviews ought not to have allowed Aviva to make changes to the policy. But I don't agree, the terms of these policies typically allow these changes and Mr B would be agreeing to them in the course of agreeing to the policy from the outset. Often this means if there is no response then the premium remains and the sum assured decreased, as the policy needs to continue and in doing so in this way avoids the consumer paying an increased premium, that they may not want to pay or can afford. I don't find then Aviva treated him unfairly in how it handled the reviews Mr B hadn't responded to.

I sympathise with the position Mr B has found himself in, but I have to be fair to both parties when reaching my decision. And while Aviva didn't provide the clear information at the reviews I think it ought to have, for the reasons explained I'm not persuaded Mr B would've done anything differently and would've kept the policy running at the reducing sum assured.

My final decision

I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 November 2025.

Ken Roberts
Ombudsman