

The complaint

Mr C complains about Aviva Life & Pensions UK Limited's review of his Whole of Life policy which took place in 2020. He complains that he was never made aware that there could be such drastic changes to his premium or sum assured.

What happened

Mr C took out a reviewable whole of life policy with Aviva in 1991, for a premium of £31 and life cover of £40,355. The policy had an indexation benefit which meant the life cover would rise in line with inflation.

In 2001 the policy failed a review and Mr C increased his premium to £75.44 in order to maintain the increased sum assured, which at that point was £65,734.

Some administration issues meant that the policy wasn't reviewed again properly until 2016. By that stage, for reasons which it has not been possible to establish, the sum assured on Mr C's policy had reduced to £48,492 but his premium had increased to £101.

At the review in 2016, Aviva acknowledged the issues that had caused it to miss some reviews of the policy (or not carry them out properly) and offered Mr C three options:

- To leave the policy on the same terms, with a warning that at the next review he'd likely need to make greater changes than if he chose either of the other two options.
- Amend his premium to £203 and increase his sum assured from £48,492 to £88,090, which essentially would've mimicked the options he ought to have been given between 2001 and 2016.
- Change the sum assured to the level had the premium stayed the same at each review, meaning the sum assured would drop to £33,951.

Mr C chose option 1 and raised a complaint about the selling of the policy. That complaint was eventually referred to this service and an ombudsman issued a final decision not upholding it.

Reviews were then carried out in 2017, 2018 and 2019 without any changes being required, but in 2020 the policy failed a review. Mr C needed to increase his premium from £101.10 to £160, or reduce the sum assured from £48,492 to £27,436.

One of our investigators looked into Mr C's complaint, but didn't think it should be upheld. In summary, he concluded that Aviva's communications had not met the relevant standards throughout the years and it should've written to Mr C in 2006, when a review should've happened, to alert him to the likelihood of future significant changes to the policy – as well as setting out the costs of the policy and other information. However, when deciding the impact of these shortcomings, the investigator didn't think that Mr C would've done anything

differently.

He said that in 2016, Mr C knew about the likely changes required to the policy and was unhappy with it, hence he made a complaint about its sale. He also no longer had the same need for the policy. However, Mr C didn't cancel the policy then and instead decided to keep it.

A second investigator reviewed this outcome and agreed with it. In summary, he agreed that the 2016 review was key in establishing, on the balance of probabilities, what Mr C would've done differently. He said that this review alerted Mr C to the likely changes required on his policy, but didn't prompt him to surrender the policy or make changes to the premium or sum assured. Furthermore, in subsequent reviews the surrender value of the policy was higher than it had ever been, but Mr C continued to keep the policy without deciding to surrender it. As a result, the investigator concluded that on the balance of probabilities, even if Aviva had written to Mr C with more information about the policy and its costs, he likely wouldn't have made any changes or done anything different.

Mr C didn't agree with the investigator and asked for an ombudsman's decision. He said:

- Aviva had dealt with the complaint in a "poor and heavy handed way" and this caused a lot of upset and distress given the circumstances.
- The investigator had established that Aviva had not complied with the relevant standards when communicating with him about the policy and didn't allow him to make a fully informed decision. Had this information been provided, Mr C said he would've cancelled the policy much earlier.
- Mr C said that it wasn't possible for him to make an informed decision with incomplete information and this is what had happened. He said that if he had been told sooner that in future he might need to pay many times more what he was paying, he would've immediately surrendered the policy.
- He continued to believe that the policy was mis-sold and considered that the investigator's assessment supported that.
- In 2016 there was no suggestion that the premium would increase by almost 60% or the sum assured drop by 46%. He said the only reason the policy went on for so long was due to the fact that Aviva didn't fully explain the risks nor provided correct information that it was duty bound to provide.
- Mr C felt that the investigator's conclusions were pure conjecture.

As an agreement couldn't be reached, the case 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 like to thank Mr C and his son for his detailed comments. Although I've only summarised them above, I can confirm that I've read and considered them in their entirety. I should make

clear that I won't be commenting or making any findings about the sale of the policy – that complaint has already been decided by an ombudsman.

The issue in dispute in this case is whether Mr C, armed with more information from Aviva at relevant times, would've made decisions earlier that would've avoided the 2020 review.

The investigator concluded, in summary, that the communications that Aviva did issue over the years didn't give Mr C enough information about his policy in order to allow him to understand the key features of it – for example how much it was costing or what the likelihood was in future of changes being required. The review in 2016 didn't set out what the policy was costing at that point, nor how those costs had increased from the previous year. For example, by 2016 the policy was costing around £111 every month, by Mr C was only paying £101 towards it. This was key information that would've allowed Mr C to understand that units in the fund were now being sold to make up the shortfall. However, the 2016 letter doesn't give this information.

That said, the letter in 2016 does give *some* important information:

- Mr C could keep the terms of the policy the same, but in that case, "if a change is needed at your next review, this may be greater than if you choose option 2 or 3". Furthermore, if he chose this, the "policy will not be in the position it would now be in if we'd reviewed it as we should have done".
- That if reviews had been carried out appropriately, either his premium or the sum assured would've been changed.
- That he could call Aviva to "check how long the current premium can support your current sum assured".

Furthermore, the following year Mr C received another review. This letter also didn't set-out the costs of the policy or give any indication that those costs had risen since 2016, or how they might rise as he got older. But the letter did outline:

- That the premium he was paying was enough to maintain the policy for another year;
- That Mr C could ask for a quotation to show the premium that would be required to maintain the benefit for life (or the reduced benefit to maintain the premium for life);
- That if the projections in the letter showed a lower surrender value than the current one, this meant that costs of cover were higher than the premiums he was paying.
- The projections showed that regardless of any growth assumptions, his cover could be maintained for a maximum of three years.

Similar letters were sent to Mr C in 2018 and 2019.

Mr C didn't take any action following these letters, even though he could have.

The surrender value of the policy had increased since 2016 as a result of investment growth, and the letters outlined that his cover wouldn't last for life – even though they didn't set out the costs of cover in monetary terms.

Given that Mr C didn't take any action when receiving these letters, and being encouraged to consider his options, I think it's unlikely Mr C would've done anything differently, even if Aviva had sent out more complete communications at an earlier stage. In my view, given all

the information Mr C did have, as well as his experience of the policy which had seen his premium increase from £31 to £101, I'm not persuaded on balance that additional information sent at an earlier date would've caused him to surrender the policy as he says.

In fact I think it's even less likely that Mr C would've taken action at an earlier date, because Aviva would've also told him that his policy could be maintained for a number of years into the future and that he didn't *need* to make any changes at that moment in time. Whereas the letters he received in 2017, 2018 and 2019 all showed that the policy was nearing the point of failing a review – and yet none of those letters prompted Mr C to surrender the policy or make other changes to it.

I understand Mr C's strength of feeling on this issue and why he considers it conjecture. But my role requires me to consider, on the balance of probabilities, what would've happened had Aviva sent him fair, clear and not misleading information at an earlier date. This because I'm required to make an award to put Mr C back in the position he would've been had no errors occurred. In order to do this, whilst I have weighed up Mr C's testimony, I've also needed to take into account his actions at the time. In my view, Mr C did not want to surrender the policy and was also unwilling to pay more towards it beyond what Aviva required him to do. So I'm persuaded that it's more likely than not that even if Aviva had sent more information out to him throughout the years, it wouldn't have made a difference – he would still have been in the same position in 2020.

Mr C has also raised issues with the way the complaint was handled – but I can see that Aviva did offer £200 compensation for any issues as part of that process, and I'm satisfied that award is in line with this service's guidelines for distress and inconvenience payments.

For these reasons, whilst I understand Mr C's strength of feeling, I'm satisfied Aviva need not pay any compensation or do anything more to put things right.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 August 2025.

Alessandro Pulzone
Ombudsman