

## **The complaint**

The trustees of the G Trust complain about Zurich Assurance Ltd's administration of their reviewable whole of life policy. They say the fact that premiums would increase they got older should've been more prominently explained to them – and if it had been, they wouldn't have taken out the policy.

## **What happened**

The trustees took out the policy, called the Adaptable Life Plan, in 1999 – for an initial monthly premium of £140 and a sum assured of £102,737, payable on second death. The plan was index linked.

The policy was subject to regular reviews – with the first one taking place in 2009 and then yearly thereafter due to the policyholders' ages. By 2021, due to favourable reviews and indexation increases, the trustees were paying £402.36 per month for a sum assured of £197,407.

The 2021 review was not favourable, meaning that changes needed to be made to the policy. The trustees needed to either increase their premium to £605.70 per month to maintain the same sum assured, or they needed to reduce the sum assured to £177,123 in order to keep paying the same amount. Following their complaint to the service, the policy had another unfavourable review in 2022 – at this point the trustees decided to surrender the policy and received £66,105.90.

Zurich looked into their complaint, but didn't think it had done anything wrong. In summary, it explained how the policy worked and that it had operated as intended. Unhappy with Zurich's response, the trustees referred their complaint to this service.

One of our investigators looked into their complaint but didn't think it should be upheld. She set out the detailed background and relevant standards that applied to Zurich and explained that it had obligations to ensure its communications were fair, clear and not misleading. She didn't think Zurich had done anything wrong and explained that at each review, Zurich was looking to ensure the policy could be maintained for life. When changes were required, it communicated those changes clearly to the trustees and gave them options to amend the policy as needed. She also found that the terms and conditions of the plan made it clear that reviews would be carried out and that premiums could change as a result.

The trustees didn't agree with the investigator and provided detailed comments in reply.

They said the crux of their complaint was that it was never made clear to them when they took the policy out that premiums would inevitably increase as they got older. Their understanding was that premiums would only increase when the sum assured did. They acknowledged that the terms and conditions did make reference to age, but they believed that the fact they would get older had already been taken into account at inception. They said there was nothing in the key features document suggesting that contributions would increase when they got older. In their view, this information should've been highlighted much more prominently. They said that if they had known this at the outset, they would never have

taken out the policy.

They also said the premiums were increased by 50% in 2021, a further 32% in 2022 and further increases on the horizon – so they felt forced to surrender the policy.

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 should say firstly that I completely understand why the trustees have made the complaint that they have. It's clear to me that the premiums increased significantly from 2021 onwards, and I acknowledge what they've said in relation to the 2022 premium increase, had they accepted it, which they said would've amounted to 20% of their total income. I understand that the prospect of future increases, given those circumstances, would've been worrying for them.

The investigator has already explained, in detail, how the policy was intended to work – so I won't replicate that here.

In terms of the possibility of costs increasing as the lives assured got older, I'm satisfied that the point of sale evidence I have *does* show this information was conveyed to the trustees.

The terms and conditions explain, in my view sufficiently clearly, how the life cover charges are calculated (clause 4 – "Risk Deductions"), which I think shows that, among other things taken into account, the age of the lives assured is clearly relevant. But the key terms are set out in Section 10 "Plan Reviews". This section sets out clearly the purpose of the reviews, the possible outcomes, and sets out the policyholder's age as a relevant factor. The key features document also explains, on page 2, that:

"Regular plan reviews are held, the first one normally after the first 10 years of your plan [...], when we compare our actual experience of mortality deductions (which reflect actual claims), investment performance and charges, against what we expected and make further assumptions about the future."

It then explains that:

"A favourable review may mean an increase in the Sum Assured, whilst an unfavourable review may mean you need to make higher contributions".

So I think this information, overall, clearly signposted to the policyholders that there was a possibility of future increases and that these would be linked to their ages, among a number of other factors. I think that if the trustees were after a non-reviewable policy, this information would've been enough to alert them to the fact that this particular policy wasn't right for them.

But a non-reviewable policy would also have been much more expensive – and I'm persuaded that aspect is something that the trustees would also have needed to weigh up at the time. I make this point because while I understand that the trustees now think this policy isn't what they wanted or hasn't worked as they intended, the fact is that during the time they've held the policy, Zurich was on risk and would've paid out had there been a claim, regardless of how much in premiums they had paid towards the policy.

So whilst I accept that they say they would never have taken out the policy had they known about the possibility of premium increases when they got older, I think they're only able to draw that conclusion knowing that no claim has been made on the policy – given that alternatives, at the time, would likely have been more expensive or would've caused them to have far less surrender value.

Ultimately, taking everything into account, my view is that the way that Zurich was reviewing the policy essentially meant that at each stage, it was ensuring that the policy could continue to provide cover for life. This is what the policy was supposed to do and what it said it would do. The point of sale evidence describes how reviews would be carried out and what would be taken into account, and I'm satisfied the reviews I've seen were completed in line with that. So I'm not persuaded there's sufficient evidence that the trustees were misled about how the policy would operate over time.

I accept that some of the information, either at the outset or at the reviews, could've made it clear that over time, the cost of providing life cover was likely to become more expensive as the lives assured got older. I also think the reviews should've contained more information about how the policy was performing – particularly given the indexation benefit. In my view, this would've been consistent with the standards described by the investigator.

However, overall, I'm persuaded there was sufficient information at the outset for the trustees to have anticipated the possibility of future increases in the premium as they got older and I'm not persuaded this could or should have been highlighted in a clearer way than it was.

### **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 Mrs J , Mr K, Mr M, Mr D and Rev J as trustees of the G Trust to accept or reject my decision before 27 February 2026.

Alessandro Pulzone  
**Ombudsman**