

The complaint

Mrs F complains that Aviva Life & Pensions UK Limited cancelled her life and critical illness policy, following her request for a payment holiday.

What happened

The details of this complaint are well known to both parties, so I'll give just a brief summary here.

In March 2023, Mrs F called Aviva. She'd cancelled her direct debit and wanted to change the details. Mrs F asked Aviva about a payment holiday as she was experiencing some financial difficulties. The call handler explained she'd receive an email with a form to complete and return.

In May 2023, Mrs F called Aviva again as she'd received a letter telling her her policy had been cancelled. Mrs F didn't think this should've happened and wanted her policy reinstated. The call handler said he'd look into what'd happened about the payment holiday and either call or email Mrs F to update her.

In July 2023, Mrs F contacted Aviva again, asking to reinstate her policy. But Aviva said this was no longer possible.

Mrs F complained but Aviva maintained its stance, issuing a final response letter in July 2023. Mrs F brought her complaint to the Financial Ombudsman Service, but our investigator didn't uphold it. So Mrs F asked for an ombudsman to review things and issue a final 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, I'm not upholding this complaint. I recognise my decision will be unwelcome news for Mrs F and I'm sorry about that. I'll explain my reasons, focusing on the key points and evidence I consider material to my decision.

I've listened to the call Mrs F made to Aviva in March 2023. I'm satisfied Aviva made it clear Mrs F would be sent an email with the form required to request a payment holiday. She was told to complete the form and send it back. Mrs F confirmed she would do so. I've seen a copy of the email sent to Mrs F at her correct email address. I'm satisfied the email was sent, although I acknowledge Mrs F says she didn't receive it.

I've seen a letter Aviva sent Mrs F about a second missed payment in April 2023, telling her to make contact by May 2023 to restart payments. It warns that if Aviva doesn't hear from Mrs F by May 2023 it will cancel her policy. This it did, after the May payment was missed.

I've also seen the letter Aviva sent Mrs F to confirm the policy had been cancelled. It said cover could be restarted if Mrs F called by June 2023.

I've listened to the call Mrs F made to Aviva in May 2023, asking why her policy had been cancelled. Mrs F wasn't particularly sure what had been agreed in the previous call, but she wanted her policy reinstated. The call handler said he'd look into what had happened regarding the payment holiday and then either call or email Mrs F with an update. I'm satisfied Mrs F understood she'd receive a call or an email.

I've seen the email sent to Mrs F the same day, advising that an email was sent in March telling Mrs F to complete the paperwork to apply for a payment holiday. The call handler also explained:

'Although the policy has lapsed, you're still able to use the payment holiday to cover those outstanding payments as we can defer up to 3 premiums. This would mean we would start collecting in June if the form was completed as soon as possible.'

'Please let me know if you wish to proceed, I can have the email forwarded to you again.'

Mrs F didn't contact Aviva until July 2023. I understand she'd found the email in her spam folder. Unfortunately, by this stage it was too late to reinstate the policy.

Contrary to Mrs F's belief, it's clear there was no payment holiday agreed because Mrs F never completed and returned the required paperwork. In the March call Aviva explained clearly what would happen next and followed up with the email.

It's evident to me Mrs F wanted the cover to remain. But I'm satisfied Aviva did what it said it would do in March and May 2023, as well as giving Mrs F clear warnings about what would happen if she didn't make contact to discuss her payments within the stated timescales. I'm also mindful that Mrs F had the opportunity to go back to Aviva after the March and May calls, if she'd not received the expected follow-up communications. So I don't think Aviva acted unfairly when it cancelled her policy in line with the terms and conditions regarding missed payments.

Finally, I appreciate Mrs F was going through a challenging time and has found this experience upsetting. She wants Aviva to refund her the premiums she paid towards her cancelled cover. I've already explained why I don't think Aviva acted unfairly in cancelling the policy. For the time that Mrs F was paying premiums she had the benefit of protection, should anything have happened. So I don't think Aviva needs to make any refund.

Overall, I'm satisfied Aviva acted fairly when it cancelled Mrs F's policy. It doesn't need to do anything further in respect of this complaint.

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 F to accept or reject my decision before 24 April 2024.

Jo Chilvers
Ombudsman