

The complaint

Mr D and Mrs C complain on behalf of the estate of Mrs R about the service provided by ReAssure Life Limited, referred to as “*ReAssure*” or “*the business*”.

In short, they say that given Mrs R’s age and vulnerability ReAssure didn’t act in her best interests by allowing her Whole of Life policy (referred to as “*the policy*”) to lapse, due to non-payment of premiums.

They are being assisted by Ms B, who was Mrs R’s financial adviser.

What happened

The policy started in 2005, with a £50,990 sum assured, and premiums being due on an annual basis. Based on the investigator’s summary, it seems it was initially taken out with Skandia but administered by Old Mutual – later ReAssure.

I note the policy was taken out for inheritance tax (IHT) mitigation purposes. This may explain why the policy was set up in trust, with Mrs R as settlor, and her four children – including Mr C – as trustees. I’m aware that one of her children has since passed away.

In November 2021, ReAssure wrote to Mrs R as it has done in previous years confirming her premium in the sum of £8,183 that was due in January 2023, and benefit (in the sum of £131,606). But the letter was returned – from the forwarding address – as ‘gone away’. Because of this, ReAssure says it didn’t send a subsequent arrears letter in early 2022.

In due course, the policy lapsed. ReAssure said it had done some research on Mrs R’s address but couldn’t trace her, so didn’t write to her again. I note that according to Ms B, Mrs R had moved into a care home by then and ReAssure only undertook a ‘soft search’ for updated details which was unsuccessful.

In early 2023 Ms B made enquiries about the value of the policy, she discovered that the policy had lapsed, and in due course Mrs R complained about the policy lapsing as a result of the non-payment of premiums in 2022.

Ms B argues that at the time Mrs R was ill and elderly and had been moved to a nursing home so didn’t receive any correspondence relating to the premium due, and subsequently non-payment of premiums. She wanted the policy to be reinstated as she doesn’t believe reasonable steps were taken to contact any relevant parties to prevent the policy from lapsing.

ReAssure partially upheld the complaint and offered £150 compensation for the way it dealt with the complaint. However, it said that it didn’t do anything wrong regarding the lapse of the policy because it sent the relevant correspondence to her last known address and didn’t receive a response – the letter was returned as ‘gone away’. It also said that an Equifax trace returned no address, and in any case, it was no longer possible to reinstate the policy as it was outside of the 13-month reinstatement period.

Unhappy with ReAssure's response, Mr D and Mrs C (also referred to as the representatives) referred the complaint to our service. Sadly, soon after Mrs R passed away, so, the complaint is now being pursued on behalf of her estate.

One of our investigators considered the complaint and thought it should be upheld. In summary, on the basis that because Mrs R was in her 90's ReAssure ought to have queried the returned letter rather than just conduct an Equifax search. In other words, it ought to have conducted further investigations. Had it done so, the premium would've been paid and the policy kept in place.

ReAssure provided no reply.

In mid-January 2024, I issued my provisional decision, a copy of which is stated below and forms part of my final decision. In the decision I said:

"...subject to any further submissions, provisionally I'm not minded to uphold this complaint.

On the face of the evidence, and on balance, despite what Ms B says, I can't safely say that ReAssure behaved unreasonably such that this complaint should be upheld.

Before I explain why this is the case, I think it's important for me to note I very much recognise the representative's strength of feeling about this matter. I'm also very sorry for the loss of Mrs R. I acknowledge this is a difficult time for her family and loved ones.

Ms B has provided detailed submissions to support the complaint, which I've read and considered carefully. However, I hope she/they won't take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy.

The purpose of my decision isn't to address every single point raised under a separate subject heading, it's not what I'm required to do in order to reach a decision in this case. In other words, I don't have to comment upon every single point made. My role is to consider the evidence presented by Ms B and ReAssure, and reach what I think is an independent, fair and reasonable decision based on the facts of the case. In the circumstances, I don't need any further evidence to make my decision.

Provisionally, I'm not minded to uphold this complaint, in summary for the following reasons:

- This policy lapsed for lack of payment of premiums which was due in January 2023. I don't agree that this policy lapsed because ReAssure didn't send a chaser letter in January 2023.*
- I agree with ReAssure that it was the policy holder's responsibility to ensure that the premiums were paid. Just because the premium payment was stopped doesn't mean that ReAssure had to contact everyone (or someone) connected to the policy. There are likely to be number of personal reasons why someone might want to stop paying premiums. It can't always be assumed that it was an error and therefore a business has to write to people other than the policyholder.*
- Given that the initial letter sent in November 2022 was returned with the message 'gone away' on balance this doesn't suggest that sending another letter was likely to make a difference.*
- I appreciate that a redirecting service was put in place, but if that was the case, the letter shouldn't have been sent back but it was, and this isn't something I can blame the ReAssure for.*
- I'm not seeking to blame any third-party, but if there was a redirecting service in*

place, presumably the letter would've been redirected to her son, Mr C's address, so it's not clear why this wasn't done. In any case, I can't blame ReAssure for the shortcomings of a third-party postal service.

- Because the letter was sent back with 'gone away', I can't blame ReAssure for not sending follow up letters chasing the premiums to an address that Mrs R was no longer living at. I don't think this was unreasonable given the risk of it unwittingly sharing her policy details with someone it shouldn't.
- I note that the responsibility to pay the premiums due – and to do so on time, along with paying off any arrears – is with the policy holder. And this wasn't done. This isn't something that I can blame ReAssure for.
- I appreciate Mrs R's age, but age of itself isn't a reason, on its own, why ReAssure should've known or assumed that she was vulnerable, such that it should've contacted one of the trustees.
- Notwithstanding her age, there was nothing on file to suggest that Mrs R was particularly vulnerable or that she was about to go into a care home and therefore it should in respect of future communication contact the trustees and/or her adviser. Therefore, I can't say that it has done anything wrong by not doing so, because it had no authority to contact anyone other than Mrs R. I note ReAssure says that its policy and procedure is to contact only the policy holder and not any trustees and/or their financial adviser.
- It's arguable that if it was on record that in the event it's unable to contact Mrs R it should call a named person or persons and ReAssure failed to do so, the situation would be different, but that's not what I'm dealing with here. In the circumstances I can't say that ReAssure has done anything wrong or that it breached a duty towards Mrs R. I'm mindful that it conducted an Equifax check to see if it was possible to locate her, but the check was unsuccessful.
- It's not clear why the non-payment of premiums wasn't chased by a family member. I'm mindful that the policy would've been in place since 2005, and I suspect in the latter years Mrs R would've been assisted with paying the fees (at or around the same time every year) so I don't know why this wasn't picked up.
- I'm aware Mr C says that under the previous administration he was written to. But if that was the case and he wanted ReAssure to also notify him (or any of the trustees) of important letters that should've been communicated to ReAssure.
- Despite what Ms B says about what probably would've happened if Mrs R had received the letters, the point is that she and/or anyone on her behalf didn't despite ReAssure sending out the November letter and no steps were taken to pay the premium subsequently.

I appreciate that the representatives will be thoroughly unhappy on behalf of the estate of Mrs R that I've reached a different conclusion to the investigator. Furthermore, I realise my decision isn't what they want to hear. Whilst I appreciate their frustration, I can't safely say that ReAssure behaved unreasonably such that this complaint should be upheld.

In other words, on the face of the available evidence, and on balance, provisionally I can't uphold this complaint and give the estate of Mrs R what it wants."

I gave the parties an opportunity to respond to my provisional decision and provide any further submissions they wished me to consider before I considered my final decision. ReAssure responded and said that it had no points to add.

Ms B hasn't responded to my provisional decision with any further points. I'm aware that Ms M recently responded to a change in investigator, but no further comments were made regarding my provisional 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, in light of no new submissions from the parties, my decision not to uphold this complaint remains the same, principally for the same reasons as set out in my provisional decision.

In other words, despite being given time to respond to my provisional decision, no new material points have been made that persuade me I should change my decision.

In this instance, and on balance, I'm still satisfied that the key points remain the same, and have been considered by me, in my provisional decision.

In other words, on the face of the evidence, and on balance, I can't safely say that ReAssure behaved unreasonably such that this complaint should be upheld.

My final decision

For the reasons set out above, and in my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs R to accept or reject my decision before 9 May 2024.

Dara Islam
Ombudsman