

## **The complaint**

Mr W, representing the estate of the late Mr C, complains that Liverpool Victoria Financial Services Limited ('LV') has failed to pay-out benefits on the death of the late Mr C, and paid out lower than expected death benefits on another policy.

## **What happened**

In 1940, the late Mr C's mother took out a whole of life policy (9F404626) with Mr C being the life assured. The estate of Mr C says that in previous correspondence LV had also made reference to another policy held by the late Mr C and his wife the late Mrs C (L00144139E).

When the late Mr C passed in 2023, the estate of Mr C made a claim on policies 9F404626 and L00144139E and another policy 263881YTX. LV paid out the claim on 263881YTX but said that after searching its archive records it found no records that the other policies still existed. The estate of Mr C complained the value of the pay out on policy 263881YTX was lower than the previous valuations LV had provided to Mr C's Power of Attorney ('POA') and said that it would have cashed in the policy sooner if it had known the death benefit could fall. The estate of Mr C also complained LV should have paid out on 9F404626 as it had provided a policy document, and that it should have done more to search its archives for L00144139E.

LV said it had searched its archived records as far back as the 1970's but wasn't able to confirm premiums had been continued on 9F404626. And that there were no linked records showing payments to L00144139E in the name of the late Mr C and Mrs C. In respect of 263881YTX, LV said that once this policy had become 'free' and no further premiums were payable, valuations were provided to the late Mr C and the POA on request rather than being sent annually.

On behalf of the estate of Mr C, Mr W brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. Our Investigator thought that LV had acted fairly and reasonably. The Estate of Mr C asked that an Ombudsman decides the complaint.

## **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.

The Financial Ombudsman Service is an informal complaint handling service and is a free alternative to a Court. My decision is based on the facts and evidence available in each case. I've taken into account what the representatives of the estate of Mr C and LV have told us along with the written evidence or paperwork available from the time and subsequent correspondence. For completeness, this includes the evidence the representative has provided directly to me after our Investigator shared their thoughts with both parties. In this case, as part of the complaint relates to a policy sold in 1940 – and records of payments and actions taken over the past 80 years are not available - the decision I have made is based on what I think is fair and reasonable in all the circumstances of the case. It may be different

to what a court would decide applying legal rules, but that doesn't mean I haven't taken this into account.

I've seen the representative for the estate of Mr C believes that any decision I make will be influenced by our Investigator. I'm sorry that this is the case. It's my role to independently review all of the evidence provided before I reach my decision and I'm satisfied that I have reached a fair and reasonable decision in the circumstances of this case.

The representative of the estate of Mr C feels very strongly that our Investigator didn't take into account that LV had a legal obligation to pay out the death benefit on policy 9F404626. And, in respect of policy 263881YTX, LV should have provided annual statements to the POA so they could consider whether to encash the policy earlier rather than waiting for the late Mr C to pass to make a death claim.

I understand the estate of Mr C will be disappointed, but I've decided that LV doesn't need to take any further action. I'll now explain why I've reached this decision.

#### *Policy 9F404626*

The estate of Mr C believes the policy document it has presented carries a legal obligation to LV to pay the claim. I have taken into account that there are a number of things that could have happened since 1940. The policy could have lapsed, it could have been made 'free' or it could have been cancelled.

The policy was an Industrial policy and premiums were paid to a local agent of LV who entered them into a premium book. Although this is a whole of life policy, the policy document doesn't make any reference to its participation in the profits of LV – so, it's more likely than not this policy would never have a surrender value. Before 1978 – when LV changed the way it recorded payments to this type of policy - it's more likely than not the premium book would have been the only record of whether or not premiums were collected. I've not seen any premium books showing payments continued up until 1978, and LV says it has thoroughly searched its archive records and there's no record to show premiums were paid on this policy after 1978. The searches LV conducted show that since 1978 it hasn't received any premiums to policy 9F404626 and that a policy with the same number hasn't been the subject of a claim and that there was no active policy with this number. It seems to me that LV conducted reasonable searches of its post 1978 records when attempting to locate policy information for the late Mr C as there is no legal or regulatory requirement for LV to hold records past six-years – but it still searched its systems several times.

I can't say for certain what happened to the policy before 1978, but as there is no record of any premiums being paid to the policy after 1978 and no evidence there was a previous claim on the policy, it seems more likely than not the policy wasn't active or in place after 1978. Because of this, I'm persuaded it would be unfair for me to ask LV to pay the claim on this policy.

It would be reasonable for a consumer to also keep records of premiums paid to a policy, or indeed if there had been an endorsement to the policy – such as the policy becoming a free policy prior to 1978. In this case, it was the late Mr C's mother who was the proposer on the policy documents and who would more likely than not have paid the one-penny per week premium. I want to make it clear that if I had seen any evidence of premiums being paid after 1978 or evidence of an endorsement to the policy or even any correspondence about the policy, my decision in this regard may have been different. But regardless that a policy document exists, with no evidence of how many premiums were paid, that any due payments continued or that the policy became free, I've decided that it would be too speculative and therefore unfair for me to tell LV it must pay out the claim made by the

estate of Mr C.

The estate of Mr C is disappointed that LV hasn't lived up to its promise to help consumers trace lost life and investment policies. I've noted this, but I'm persuaded that in conducting the searches it did, across several of its systems, LV took reasonable steps to trace the policy the estate of Mr C believed was still in place at the time Mr C passed.

#### *Policy 263881YTX*

The late Mr C held a whole of life with-profits policy taken out in 1973. There's no dispute that the policy became a free policy at some point and the late Mr C wasn't paying further premiums.

In October 2015 and in March 2017, the late Mr C requested policy valuation information from LV. The responses LV provided to the late Mr C explained what the death benefit value was and that any payment on death may be different at the time of any claim and was dependant on bonus rates at the time.

Shortly after the late Mr C became ill, the POA requested that LV provided up to date policy information. LV confirmed the value of the policy and informed the POA the policy could be encashed at any time and that the value and death benefit was subject to change. The POA requested a further policy update in January 2021 and LV provided details of the current death benefit and again said this may be different at the time of a claim.

The crux of this part of the complaint is that the estate of Mr C believes LV should have provided regular statements to the POA. The estate of Mr C feels that if LV had done so, it would have been able to better make an informed decision about whether the policy could be encashed or whether they should make a claim when Mr C passed. LV says that it doesn't provide regular statements on free policies but does provide information up on request.

The estate of Mr C complains that LV must provide annual statements on the policy, but the late Mr C seemed more likely than not to be aware it was LV's policy that he had to request up to date information in respect of this policy as regular payments to the policy had ceased years earlier. This is supported by the requests he made in 2015 and 2017 for updates on the policy. It also seems to me that the POA of Mr C had some understanding that updates on this policy would only be provided on request as they made such requests in January 2019 and 2021.

Unfortunately, in this case the value of the death benefit on this policy went down in 2023 at the time the estate of Mr C made a claim. The values provided were as follows:

October 2015	£1,335.92
March 2017	£2,303.92
February 2019	£2,280.69
January 2021	£2,670.07

And, when the estate of Mr C made a claim on the policy, LV paid the estate less than the valuation it had provided in 2021 as bonuses had fallen.

I can understand why, with hindsight, the estate of Mr C feels that if LV had provided annual statements, it would have been in a better position to make the decision whether or not to

cash in the policy. However, there was no guarantee the same or higher bonus rates would be added to the death sum assured. Indeed, LV had made it reasonably clear to the POA that in the future the value could be different and that a claim or surrender value would be based on bonuses that weren't guaranteed. The POA didn't ask for a valuation in 2022. So, although I understand the estate of Mr C will not agree with my decision in relation to this issue, I have carefully considered my position in this regard. I can't say that having a valuation in 2022 would have made a difference to the surrender or death value of the policy, and I think it's too speculative for me to say what influence a valuation – or a statement if it had been provided - would have had on any decision the POA would have made in relation to the policy.

So, I've decided not to uphold the complaint about policy 263881YTX.

#### *Policy L00144139E*

The estate of Mr C believes Mr C held a policy numbered L00144139E as this was referred to in correspondence from the late Mr C to LV in 2011. I've seen that in the late Mr C's letter to LV he was unable to provide any details of premiums as these were "unknown" nor any details of the opening date of the policy. LV has provided details of searches it made on the customer profiles from the late Mr C and his wife and there is nothing to support a life or investment policy was held for this or a similar policy number. The searches I've seen support that LV conducted reasonable searches to identify this policy and what it was. Without any evidence to persuade me the policy may have been a life or savings policy I've decided it would be unfair for me to ask LV to conduct any further searches. If the estate of Mr C is able to provide any details of the premiums paid or a policy document in the future, I'm sure LV would be able to check its records again.

#### **My final decision**

For the reasons detailed above, I've decided that Liverpool Victoria Financial Services Limited hasn't done anything significantly wrong and I won't be asking it to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr C to accept or reject my decision before 20 August 2024.

Paul Lawton  
**Ombudsman**