

## The complaint

Mr R, Ms R and Mrs R complain about the way ReAssure Life Limited administered their reviewable whole of life policy. In particular, they complain about the significant decrease in the sum assured at the last review and would like their policy to go back up to the original amount.

## What happened

Mr R took out a reviewable whole of life in 2004, for an initial sum assured of £150,000 and a monthly premium of £207.42. The policy was originally taken out for financial protection for his family. The policy was also due to increase in line with an index, so that by 2017 the sum assured had increased to £292,307 and the monthly premium had increased to £567.78.

The policy was reviewed in 2017, 2018, 2019, 2020, 2022 and 2023. Each of these letters set out details around the premiums being paid, the costs of the policy and projections for the future – as well as setting out various options for changes to the policy or for cancelling it.

In 2018, Mr R was told that changes needed to be made to the policy – and that if he didn't choose to increase the premium, his cover would reduce to £111,999. Following this letter, as Mr R didn't choose a different option, his cover was reduced. In December 2022 Mr R received a letter in response to a query he'd raised about indexation increases. This letter said:

*"Following your enquiry regarding the optional annual increase we can confirm should you not accept this increase benefits shall remain unchanged at the following amounts;*

*Life Cover: £111,998.96*

*Please note this is subject to any policy review, the next policy review is due 01 January 2023 and a member of our specialist team shall issue more information regarding this."*

The review in 2023 required Mr R to make changes to his policy – and the letter explained that if there was no response the default option, to reduce the sum assured to £77,568, would be selected. As Mr R didn't reply by the relevant timeframe, he received a letter confirming the sum assured had reduced. When Mr R received this letter he complained.

In summary, he said he'd not received the review letter and complained that his sum assured had been reduced by so much.

He asked for the sum assured to go back to what it was previously and for his premiums to also remain unchanged.

In April 2023 ReAssure looked into his complaint but didn't agree it had done anything wrong.

In summary it said that it had sent him a review in January 2023 and this set out his options. As he hadn't replied by the relevant deadline, the default option to reduce the sum assured

had been adopted. However, it reissued the letter to him and gave him some additional time to decide what to do.

Some administrative issues occurred following this initial response and ReAssure issued another final response in early May 2023. This offered him £300 compensation for the issues experienced and gave another extension to the deadline for Mr R to decide what to do with his plan – confirming that the sum assured of £111,998.96 remained in force until the new deadline.

Mr R remained unhappy and referred his complaint to this service. In the meantime, the sum assured of the policy was reduced in line with the above. In August 2024 his policy was cancelled as he had stopped paying the premiums.

One of our investigators looked into his complaint, but didn't think it should be upheld. She considered that the letter in December 2022 didn't guarantee the sum assured of £111,998.96 – it simply confirmed that was the sum assured, subject to any upcoming reviews. She considered the compensation ReAssure offered with respect to the administrative issues that occurred in April 2023 was fair and reasonable.

In looking more broadly at the communications issued to Mr R, the investigator concluded that the reviews from 2017 onwards gave Mr R information about his policy that would've allowed him to decide, for himself, what changes to make to it, if any. She noted that he didn't choose to increase his premiums at any of those reviews. She wasn't persuaded Mr R would've cancelled his policy earlier than 2023 if he'd been aware of the possible future changes required sooner – because she thought previous letters gave Mr R the information he needed to anticipate the likely changes that would be required to the policy.

Mr R didn't agree with the investigator. He said that there was a big gap between when they confirmed the sum assured in December 2022 and the review that took place, which he said wasn't until March 2023.

As an agreement couldn't be reached, the matter 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 understand Mr R has been waiting a long time for this decision. However, I don't have much to add to what the investigator has told him.

In terms of the communication he received in December 2022, I'm not persuaded it guaranteed or otherwise confirmed that his sum assured would remain at £111,998.96 regardless of any reviews – in fact I'm satisfied the letter said, specifically, that this would be subject to any policy reviews, the next one being in January 2023. So, I think Mr R was on notice that at the next review that figure could change – although I accept this letter wouldn't, of itself, indicated by how much.

It's clear that Mr R says he didn't receive the review letter in January 2023. I don't have any reason to disbelieve him – but equally, this isn't something I can be critical of ReAssure for.

It sent that letter to the same address it had sent previous correspondence which he had received and so there isn't anything more that I would've expected it to do in the circumstances. When it was told, by Mr R, that he'd not received that letter it allowed him additional time to respond – so even if I accepted that there were issues with the January

2023 letter, it didn't disadvantage Mr R, because he had time to make the election he wanted. The fact is, Mr R didn't accept the outcome of the review – and so in the end, whether or not he received the letter in January 2023 didn't actually make any difference.

However, it's clear to me that ReAssure correctly carried out the review in line with the terms and offered options to Mr R, with information about the costs of the policy, projections for the future and various explanations. Mr R was entitled to surrender his policy at the time, opt for a lower premium, or contact ReAssure to make other changes. From what I can see, Mr R not only didn't choose a particular option – he stopped paying towards the policy altogether. Whilst Mr R was entitled to make that decision, I'm persuaded ReAssure was clear about what would happen if premiums stopped being paid.

The next issue I've considered is the overall standard of communications. The letters I've seen from 2017 onwards, in my view, give Mr R all the information he needed in line with the relevant guidance issued by the FCA, which the investigator has referenced, as well as the relevant business standards.

Each of the letters explained clearly the options available to Mr R and showed him projections for what would happen in the future. For example, the review letter in 2017 showed him what a likely premium would look like in the future and warned him that if he needed "cover to last for a long time, it is likely to be more cost-effective to make a change now which would support your cover for longer, rather than make the minimum change every 5 years". Similar warnings were provided in subsequent letters too.

So in my view Mr R knew at this time that future changes would be expensive – and he had enough information to decide for himself whether it was worth increasing his premiums, or decreasing the cover, in order to attempt to make the policy sustainable for longer. I note that Mr R opted for the default options – which he was entitled to do – and therefore accepted the risk that future changes would be more significant. The letters clearly warned him about this risk. Unfortunately, this risk materialised in early 2023. In my view, by December 2022, Mr R had enough information to know that he was nearing the point when significant changes would be required – because he'd been told this multiple times in the years preceding the January 2023 review. Whilst the December 2022 letter gave limited information, I don't consider that was unreasonable – it was factually confirming what his cover would be until the next review.

Once Mr R decided to stop paying towards the policy, the charges were being paid for exclusively by the value of the fund – that's why there was no surrender value or refund by 2024. I should be clear that I've not seen a complaint about this issue and as such I make no finding about it – I'm simply including it here as context and background.

What all this means is that Mr R benefited from the protection that his policy provided for a number of years. But the policy was reviewable in nature and the terms of the policy were always designed to be subject to reviews. Given that Mr R knew from 2017 what the likely future changes would look like and knew, by then, how much the policy was costing, he was able to make an informed decision about whether to keep the policy and continue to benefit from the protection it provided or whether to surrender it, in order to receive the fund value.

Making sure that Mr R was given enough information to make these decisions is what ReAssure was required to do – and as such, I'm not persuaded it would be fair and reasonable to uphold this complaint or award any compensation.

### **My final decision**

For the reasons I've given, I don't uphold Mr R, Ms R and Mrs R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R, Ms R and Mrs R to accept or reject my decision before 17 September 2025.

Alessandro Pulzone  
**Ombudsman**