The complaint

Mr M complains about Family Assurance Friendly Society Limited trading as OneFamily's administration of an Over 50's Life Cover Plan.

The Life Cover plan was originally underwritten by an insurer I'll call E but OneFamily is now responsible for the policy.

What happened

In November 2004, Mr M took out an Over 50's Life Cover Plan. The policy provided Mr M with whole of life cover and cost £20 per month. If a policyholder died within the first two years of the cover, other than by accident, the policy would pay out 150% of the premiums. If a policyholder died within the first two years due to an accident, the policy would pay three times the sum assured. Otherwise, the life sum assured was set at £3139.

Subsequently, in February 2024, Mr M complained to OneFamily. That's because he'd paid over £1600 more in premiums for the cover than the sum assured. OneFamily told Mr M that he'd need to continue to pay for the premiums or the policy would lapse. It also told him there was no policy cash-in value.

Unhappy with OneFamily's position, Mr M asked us to look into his complaint. He felt that OneFamily wasn't a reputable company and he let us know that paying the premiums had an impact on his financial situation. He also stated that OneFamily hadn't let him know when it merged with E.

Our investigator didn't think Mr M's complaint should be upheld. In summary, she thought the policy paperwork made it clear that Mr M could pay more in premiums than the policy would ultimately pay-out. She also thought the policy documentation made the sum assured clear. So she didn't think OneFamily had acted unfairly. She concluded too that even if Mr M hadn't received any communication to let him know that OneFamily was now responsible for the policy, this didn't make any material difference to him because the policy worked in the same way.

Mr M disagreed and so the complaint's been 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.

Having done so, whilst I'm very sorry to disappoint Mr M, I don't think OneFamily has treated him unfairly and I'll explain why.

It's common ground that Mr M took out the Over 50s Life Cover Plan in November 2004. The policy documents suggest that E didn't advise Mr M to take out the policy. But the relevant regulator's rules did require E to provide Mr M with clear, fair and not misleading information about the contract. So I've looked carefully at the policy documentation to understand the basis of the contract Mr M entered into with E.

The policy schedule which was issued to Mr M stated that the whole of life assurance policy began on 22 November 2004. It sets out the monthly premium as follows:

'£20.00 due on the Commencement Date and thereafter at monthly intervals for as long as the policy remains in force.'

And the schedule also explains the policy benefit. It states:

'If you die within the first two years other than by accident, your estate will receive a sum equal to 150% of the premiums you have paid.

If, within the first two years, you die as a result of an accident, the Plan will pay three times the sum assured up to a maximum of £25,000.00.

If death occurs after the end of the second year the amount payable would be the sum assured of £3,139.00.'

In my view, the policy schedule makes it clear that the monthly premium of £20 will need to be paid for as long as the policy remains in force and that the sum assured E had agreed to pay was £3139.

OneFamily has sent us a copy of the Key Features Document it says Mr M was sent after the sale. This set out the main features and benefits of the Plan. I've listed below what I consider to be the key terms in this case:

'Your commitment

- *To pay a fixed monthly premium throughout your life*
- *If you stop paying premiums your life cover will stop.*

Risk factors

- *This is not a savings plan. It has no cash in value. It will only pay out when you die.*
- *Depending on how long you have your policy, what you have paid in premiums may be more than is paid out on death.'*

The document restates: '*This contract has no cash-in value at any time.'*

I find that the Key Features Document sets out in a clear and understandable way that a policyholder may pay more in premiums than the value of a life claim. And I also think it highlights that the policy has no cash-in value and so no surrender sum would be paid out if a policyholder chose to cancel their policy.

OneFamily has provided us with a copy of Mr M's signed agreement consenting to take out the policy. A copy of this has been provided to Mr M. I'm satisfied then that Mr M agreed to take out the cover with E in November 2004. Accordingly, he entered into a contract with it. Given I think the policy documents made the terms of the contract sufficiently clear and unambiguous, I don't think it's unfair or unreasonable for OneFamily to rely on those terms while Mr M's policy remains in force. While I understand it's frustrating for Mr M that the premiums he's paid have exceeded the policy sum assured, I don't think it's unfair for OneFamily to require the ongoing payment of premiums for the plan to remain in force.

I appreciate Mr M has concerns about the ongoing affordability of the plan, but I don't think

OneFamily is obliged to pay Mr M a surrender value should he cancel the plan or to reduce the premiums. Nor do I think it would be fair or reasonable for me to direct to it to do so. It's open to Mr M to cancel the plan but under the terms of the policy, his estate would no longer be entitled to any form of pay-out.

And I understand that Mr M is concerned that OneFamily didn't let him know when it merged with E. Unfortunately, there's no evidence from the time to show whether or not OneFamily did get in touch with Mr M to tell him about the merger. However, as the investigator said, even if OneFamily didn't contact Mr M ahead of or at the time of the merger, I don't think this has caused Mr M to lose out or suffer any material distress or inconvenience. That's because it seems OneFamily has applied the policy terms Mr M agreed to when he took out the cover and has administered the plan in the same way E would have done.

Overall, whilst I sympathise with Mr M's position, I don't think OneFamily has treated him unfairly. So I'm not telling it to do anything more.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 February 2025.

Lisa Barham
Ombudsman