

The complaint

Mrs C has complained that The Royal London Mutual Insurance Society Limited cancelled her self assurance plan after she missed a premium payment.

What happened

The background this complaint is well known to the parties, so I won't repeat it in detail here. In summary Mrs C had a self assurance plan, it provided death and critical illness benefit. The plan commenced in 2007, the end date being 2027. Mrs C missed a premium payments in November and December 2023. Royal London sent her two arrears letters advising that her cover would come to an end if the missing payments weren't made by a certain date. No payment was made and the policy was cancelled in accordance with the policy terms. Mrs C didn't apply for the policy to be reinstated in the set time limits.

Mrs C complained that this was unfair and explained the difficulties she was going through at the time.

Our investigator didn't recommend that the complaint be upheld. Mrs C appealed.

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've summarised the background to this complaint - no discourtesy is intended by this. In this decision I've focused on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. Having done so I agree with the conclusions reached by our investigator for the following reasons:

- The relevant regulations say that insurers must pay due regard to the interests of its customers and treat them fairly. So I've carefully considered the circumstance see to see if Royal London treated Mrs C fairly.
- It is not disputed that the policy terms and conditions explain what happens if a policyholder stops paying premiums. That is that they will not get anything back, the plan will stop and there will be no cover. The policy also explains that monthly premiums are payable when due. If any premium is not paid the terms provide that Royal London will notify the policy holder of its arrears procedure which will be put into effect at that time. If any premium remains unpaid once the arrears procedure has been completed, then payment of premiums is considered as having been discontinued. The policy term says that in any event this will not occur later than three months after the date of the first unpaid premium. And that when this provision applies the policy will terminate without value.
- Mrs C accepts that Royal London acted within the policy terms, although she feels the terms are unfair as the notice period is too short. I don't find the term

unreasonable. It was open to Mrs C to contact Royal London within the time frame, explain her circumstances and request a payment plan. I do appreciate Mrs C's point that no two customers are the same. But she let Royal London know she was in financial difficulty it would have had the opportunity to provide her with support.

- Mrs C accepts too that arrears letters had been sent to her following missed premiums in 2021 and 2023. However, she has said she didn't receive the 2023 arrears letters as she wasn't living at her property at that time. I'm satisfied it was reasonable for Royal London use the address it had for Mrs C, not having been provided with an alternative or a change of address. I'm satisfied too that Royal London followed the policy terms and gave Mrs C notice before cancelling the policy in December 2023.
- I do accept that Mrs C was experiencing major issues and that this was a chaotic period for her. In her words her world was falling apart. But I have to consider too the policy terms that Mrs C had agreed to and was aware of. The terms are clear and provide for reasonable notice to be given before a policy is cancelled.
- I've thought about Mrs C's request either for her premiums to be returned or for the policy to be reinstated. Royal London was on risk until the policy was cancelled and a valid claim would have been paid, so there is no basis for me to require Royal London to return the premium Mrs C paid when the policy was in force. With regard to reinstatement, Mrs C was sent a letter with the reinstatement procedure in December 2023 and also reminded that she could apply for reinstatement. She didn't do so before the deadline of 18 January 2024. I can't fairly require Royal London to now reinstate the policy.
- I'm very sorry to disappoint Mrs C, but in all the circumstances I don't find that Royal London treated her unfairly, unreasonably or contrary to her policy terms.

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 C to accept or reject my decision before 8 October 2024.

Lindsey Woloski
Ombudsman