

The complaint

Mrs S complains that her term assurance policy with Aviva Life & Pensions UK Limited didn't end automatically at the same time as her mortgage.

What happened

In 2010 Mrs S was advised by a third-party financial adviser to take out a decreasing term assurance policy with Aviva, the purpose of which was to help pay off her mortgage in the event she suffered a critical illness or died during the term. The policy sold had a 17-year term, premiums of £29.18 per month and an initial sum assured of £60,000. In 2020 Mrs S paid off her mortgage and in 2024 Mrs S realised she was still paying Aviva. She made a complaint because her mortgage only had a ten-year term. She remembers being told the policy would end at the same time as the mortgage and felt that Aviva ought to have had the policy connected to the mortgage.

Aviva didn't uphold the complaint, explaining that they'd simply set the policy up as requested and that the policy wasn't linked to the mortgage. They said they could have only cancelled the policy on request from Mrs S. Mrs S remained unhappy and brought the complaint to our service – she pointed to the documents that called the policy a 'mortgage life assurance policy' and she'd understood this to mean it would be connected to the mortgage.

An investigator at our service considered the complaint and didn't uphold it. She found that she'd seen no evidence to show that Aviva had made a mistake with the term of the policy, or that they'd told her it was linked to the mortgage. Mrs S disagreed, in summary explaining that the title of the policy was misleading and that she believes Aviva ought to be proactively checking when the mortgages their policies are linked to come to an end. She calculated that she's overpaid by around £1,200 and feels strongly that Aviva should recognise this as an overpayment and refund it. As the investigator wasn't persuaded to change her mind, the complaint has been passed to me for a final 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, I've reached the same conclusion as the investigator for largely the same reasons. It's important to note that Aviva isn't the adviser here – so I'd consider it unfair to hold Aviva responsible for any impressions the adviser gave Mrs S about how the policy worked. That includes anything she remembers being told at the sale – there's no evidence that she spoke to Aviva about it, only her adviser. Aviva had an obligation to provide Mrs S with clear fair and not-misleading information about the policy she took out with them, so my decision focuses on whether they did that.

I've begun by considering what Aviva were asked to do when Mrs S applied for the policy. I can see the application form clearly requested a term of 17 years for the policy. There's a box labelled 'mortgage term' and this also said 17 years. Aviva wasn't the mortgage lender,

and I can't see anything in the application form that told them who the lender was. Mrs S was being given regulated advice by a third-party which would have provided some reassurance to Aviva that Mrs S was assisted in her application. From what I've seen Aviva had no reason to question the instructions they'd been given – for instance there was no contradictory information in the instructions. So, I'm convinced it was reasonable for Aviva to follow those instructions.

Mrs S was then sent a policy schedule which I'm satisfied clearly stated the term was 17 years and included a list setting out the amount of the sum assured on the policy anniversary of each year until the end of the term. As it was a decreasing policy, the years listed went up to 2026. Nothing on the schedule or application form says the mortgage would be monitored by Aviva, or otherwise links the two products together – for instance they don't mention who the mortgage lender was.

I've also considered the terms and conditions of the policy. Section 1 says:

- (a) "The initial Premium payable under this Plan (the "Plan") is shown in the Plan Schedule and is due on the Start Date.*
- (b) Subsequent Premiums will be due on the corresponding day in each subsequent month or year as appropriate and will cease to be due on the last Premium due date before the End Date specified in the Plan Schedule or the earlier payment of either the Life Insurance Amount, Terminal Illness Benefit or Integrated Critical Illness Cover. The "Premiums" means the initial and subsequent premiums...*
- (e) If any Premium is not paid on the due date or within the thirty days' grace allowed, the Plan will be cancelled and all benefits and options under it will cease."*

I'm satisfied that, when read with the policy schedule, this clearly says that the policy will end on the last premium due date before 1 March 2027, or if earlier, 30 days after a premium is not paid or a successful claim is made. There's no mention of the mortgage influencing when the premiums would end. I also consider that the terms support the fact that Aviva didn't need to make any payment when Mrs S cancelled the policy - section 14 says:

"If the Plan is cancelled by the Planholder no payment will be made by us and the Plan will cease."

I can see that Mrs S strongly feels the name of the product in and of itself is misleading – she feels it suggests that the policy was linked to the mortgage. However, I'm not convinced the name of the policy is enough to say Aviva mis-led Mrs S into believing it would end at the same time as her mortgage, if the mortgage ended earlier than the 17-year term, and I'll explain why.

The main reason decreasing term assurance products are sold is to protect mortgages, they aren't usually taken out for family protection because of the decreasing sum assured. So, the name of the product serves to distinguish the type of policy. I'm not persuaded that the name implies Aviva would be monitoring the mortgage – nor does any of the other information Mrs S was given by Aviva. Mrs S would have been aware that her mortgage was with a different company, and there's no evidence to suggest Aviva was working with that company. So overall, I'm not convinced the title of the product was misleading.

Even if I was wrong on that and I were to agree the title was misleading, I wouldn't be able to ignore all the other evidence setting out how the policy worked. I would have to consider the title of the policy in the round, against the description of the policy given in the schedule, the application form and the terms and conditions. I'm satisfied the impression given by the title

would reasonably be outweighed by the way its described elsewhere, which I find to be clear, fair and not-misleading as set out above.

After Mrs S paid off her mortgage in 2020, she still could have made a claim on the term assurance policy, if she'd suffered a critical illness, or her next of kin could have claimed if she'd passed away. There's no requirement in the policy that the sum assured has to be used to pay off a mortgage debt. So while I appreciate Mrs S had no mortgage to protect after 2020, the policy still provided a valuable benefit and Aviva would have paid out in the event of a successful claim. For instance, in 2021 the sum assured was over £27,000. So, I'm not persuaded that Aviva must refund any of the premiums Mrs S paid to Aviva after her mortgage came to an end, as the policy was still in force.

I appreciate that when Mrs S discovered she was paying Aviva for a policy she felt she no longer needed, it came as a shock. However, for the reasons I've set out, I'm satisfied that Aviva gave clear fair and not-misleading information about the term of the policy and how it worked.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 6 February 2025.

Katie Haywood
Ombudsman