

The complaint

Mrs L complains about the way Phoenix Life Limited trading as Sun Life has administered a whole of life insurance policy.

What happened

The background to this complaint is well-known to both parties. So I've simply set out a summary of what I think are the key events.

Mrs L held two Sun Life whole of life insurance policies. The direct debits collecting the monthly premium for each policy were taken by Sun Life on the 15th of each month. However, Mrs L asked Sun Life to change the collection date to the 30th of each month. While Sun Life changed the collection date for one of Mrs L's policies, it failed to do so for the other.

This meant that the monthly premium for one of Mrs L's policies went unpaid. And ultimately, the policy was lapsed.

Mrs L got in touch with Sun Life to complain about its administration of her policy. In October 2023, Sun Life agreed to reinstate Mrs L's policy; change the direct debit collection date to the end of the month; waive the unpaid premiums up until the end of October 2023 and it paid her £100 compensation.

However, Mrs L continued to experience issues with Sun Life's administration of her policy. It seems that direct debits still weren't collected and Sun Life sent Mrs L confusing letters. The direct debit was ultimately cancelled, the policy became two months in arrears and it seems cover under the policy also ended.

Mrs L was very unhappy with the way Sun Life had administered her policy and she asked us to look into her complaint.

Sun Life subsequently made an offer to settle Mrs L's complaint. It offered to reinstate Mrs L's policy, waive the unpaid premiums between March and May 2024 and pay Mrs L a further £100 compensation. It also said that the premium collection date would be changed to the end of the month.

Our investigator thought Sun Life had made a fair offer to settle Mrs L's complaint. But Mrs L disagreed. 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 sorry to disappoint Mrs L, I think Sun Life has made a fair offer to settle her complaint and I'll explain why.

I'd like to reassure Mrs L that while I've summarised the background to her complaint and

her submissions to us, I've carefully considered all she's said and sent us. I've taken into account Mrs L's evidence and comments, together with other relevant considerations, such as the regulator's principles, rules and industry guidance, when deciding whether I think Sun Life treated Mrs L fairly.

It's clear that Sun Life hasn't administered Mrs L's policy as well as it should have done. It acknowledges that it failed to change the direct debit collection date for both of Mrs L's policies as she'd asked, instead only amending the date for one of the policies. It was this error by Sun Life which led to the following problems Mrs L experienced. I think Mrs L was reasonably entitled to believe that Sun Life would action her change request in line with her mandate. Had Sun Life changed both policy collection dates as it should have done, Mrs L's policy would have continued to run as planned.

Instead, it seems that Sun Life still failed to implement the date change. This meant that rather than Mrs L's premiums being collected as she'd intended and planned for, she had to make manual payments. I think this put Mrs L to clear unnecessary time and inconvenience. And even when Sun Life wrote to Mrs L to tell her that a direct debit had been set-up, it referred again to a direct debit collection date of the 15th of the month. So I can entirely understand why the direct debit was cancelled.

I can see that Mrs L was put to some time and trouble too in chasing up Sun Life and it doesn't seem she was given helpful information in a timely way. And I don't doubt how frustrating it was when Mrs L received arrears letters in March and April 2024, despite the arrears mainly being down to Sun Life's failure to act on her mandate change request. I also note that Sun Life failed to respond to Mrs L's concerns in a way I'd have expected it to, simply reissuing a final response letter it had already sent some months before. The reissued letter didn't address Mrs L's ongoing complaint points. This is likely to have made Mrs L feel frustrated and upset.

So, in my view, it's clear that Sun Life's actions have caused Mrs L's unnecessary material distress and inconvenience, over a period of several months. Mrs L made a simple change request which it failed to act on. And this has led to Mrs L needing to chase things up and suffering additional trouble and upset after October 2023, despite Sun Life's complaint response of October 2023 stating that the matter would be resolved. This means I need to decide what I think is a fair way for Sun Life to put things right.

Sun Life has offered to reinstate Mrs L's policy, waive the premiums for the months of March, April and May 2024; arrange a direct debit collection date for the end of each month and pay Mrs L £100 compensation (in addition to £100 it paid Mrs L in October 2023 and the premiums it waived at that point).

Mrs L believes this offer isn't enough to put things right. I've considered this carefully. I do understand why Mrs L may have concerns that there will continue to be issues with the collection of her direct debit, given the problems she's already experienced. As I've said, it seems to me that the problems Mrs L has encountered all broadly flow from Sun Life's error.

However, I do think that the compensation of £100 which Sun Life has now offered to pay, together with a waiver of premium for the months March to May 2024 is fair, reasonable and proportionate to reflect the impact I think its administrative errors have likely had on Mrs L during this period (bearing in mind she has already previously been paid compensation along with a waiver of past premiums).

I appreciate Mrs L would like a refund of the premiums she paid for both policies, along with a pay-out of the value of both policies as compensation. But in my view, this wouldn't be a proportionate or reasonable award for me to make. One of Mrs L's policies remains active

and running as planned and it's now Mrs L's choice whether or not to reinstate the lapsed policy and be covered under the second contract. If she does opt to reinstate the policy and she goes on to experience further issues with the direct debit collection date, she'd be entitled to make a new complaint to Sun Life about those new issues. I'd also remind Sun Life of its regulatory obligations when administering Mrs L's policy and dealing with any new complaint.

Putting things right

I sympathise with Mrs L because it's clear she's been put to unnecessary time, trouble and upset as a result of the way Sun Life has handled things. But I find its offer to settle this complaint is fair. So I find it must:

- Waive the premiums for March to May 2024 inclusive;
- Reinstate the policy (subject to the payment of any premiums due from June 2024 onwards); and
- Pay Mrs L £100 compensation (in addition to the compensatory awards it's already paid).

My final decision

For the reasons I've given above, my final decision is that Phoenix Life Limited trading as Sun Life has made a fair offer to settle Mrs L's complaint and I now direct it to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 13 November 2024.

Lisa Barham
Ombudsman