

## **The complaint**

Miss M complains that Phoenix Life Limited trading as Sun Life cancelled her Over 50s life insurance plan in error. She's also unhappy with the service she'd received from Phoenix Life.

## **What happened**

Miss M took out a Guaranteed Over 50s life plan in 2008 with an insurer I'll call A. In 2017, Phoenix became responsible for the policy.

In March 2024, Miss M complained about the way the policy was sold to her and about the amount she paid in premiums. One of our investigators looked into that complaint and didn't think it should be upheld. He told Miss M he didn't think Phoenix needed to refund the premiums she'd paid for the policy.

But in May 2024, Phoenix cancelled the life plan in error. Miss M was unhappy with the way it had administered her plan and she complained about the service she'd received.

Phoenix acknowledged that it had cancelled the plan by mistake. It offered to reinstate Miss M's policy; or to make the policy paid up with no further premiums due – meaning Miss M's estate would be entitled to a settlement of £2865. It also offered Miss M £200 compensation.

Miss M was unhappy with Phoenix's offer and with the service she'd received. So she asked us to look into a new complaint.

Our investigator thought Phoenix had already made a fair offer to settle Miss M's complaint, as he considered it had put her back in the position she would have been in but for its error. And he thought it had offered reasonable compensation.

Miss M disagreed. She felt Phoenix should refund the premiums she'd paid for the plan plus interest. And she also said the matter had had a real impact on her health.

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 Miss M, I think Phoenix has already made a fair offer to settle her complaint and I'll explain why.

It's clear that Phoenix cancelled Miss M's Over 50s life plan in error in May 2024. It's also clear that this error has caused Miss M unnecessary trouble and upset. So I've gone on to consider whether I think Phoenix's offer is fair and reasonable in all the circumstances of this complaint – taking into account relevant considerations such as regulatory rules, principles, the plan terms and the available evidence.

Phoenix has offered to reinstate Miss M's policy on the same terms she had before it cancelled the plan by mistake. This would mean that Miss M's estate would be entitled to the guaranteed pay-out of £5290 it would have been entitled to under the plan terms if Phoenix hadn't cancelled the policy in error, so long as premiums continue to be paid. So I think this offer puts Miss M in the same position she would have been in if Phoenix hadn't made a mistake. I think this is a fair offer and it's open to Miss M to let Phoenix know if she'd now like the policy to be reinstated on the same terms.

I appreciate Miss M might not want to reinstate the policy and have ongoing cover, though, given she's lost faith in Phoenix. So Phoenix has offered to reinstate the plan and make it 'paid-up'. This means Miss M would be entitled to a pay-out equal to the amount of premiums she's paid for the plan – a total of £2865. And she wouldn't need to pay anything more for the plan – even though the terms say the plan doesn't have a cash-in value at any time. I think this is a fair offer if Miss M chooses not to reinstate the plan on its previous terms and if she doesn't want ongoing life cover.

Miss M says she thinks Phoenix should refund all of the premiums she's paid for the plan, plus interest, to put right its mistake. I've thought about this carefully. As I explained above, one of our investigators looked into a separate complaint about the sale of the policy previously. He didn't think it should be upheld and therefore, he didn't recommend that Phoenix should refund Miss M's premiums or pay interest.

In this case, Miss M has had the benefit of the policy since 2008. First A and since 2017, Phoenix, have been providing Miss M with life cover in line with the contract terms. So I don't think there are any reasonable grounds on which I could tell Phoenix to refund Miss M's premiums. I also haven't seen any persuasive evidence that the change from A to Phoenix in 2017 caused Miss M to lose out in any way. That's because the plan still worked in the same way and the same plan terms still applied. Therefore, I'm not telling Phoenix to refund Miss M's premiums.

Whether Miss M chooses to reinstate the policy or not, Miss M says Phoenix has separately now paid her £200 compensation to reflect the trouble and upset it's error caused her. I've thought about whether this is reasonable. I'm sorry to hear about Miss M's health issues and it's clear she's been through a difficult time. But I haven't seen persuasive medical evidence which shows that Phoenix's error or administration of the policy caused Miss M's health to worsen. And I think £200 compensation is fair, reasonable and proportionate to put right its error in cancelling the plan, taking into account it's reasonably prompt response to rectify its mistake and the reinstatement offers it's made. So I'm not telling Phoenix to pay Miss M any further compensation for trouble and upset – although if Miss M is mistaken and Phoenix hasn't yet paid her £200 compensation, it must now do so.

#### Putting things right

Phoenix must contact Miss M to confirm whether she would like to either:

- reinstate the policy under the same terms as pre-cancellation, meaning the estate would be entitled to the full sum assured if premiums continue to be paid; or
- reinstate the plan and make it paid up with a settlement figure of £2865.

Phoenix must also pay Miss M £200 compensation if it hasn't already done so.

It's open to Miss M to choose which of these options she'd like to take (if either). If she chooses not to take up either option though, I'd reiterate that Phoenix doesn't need to refund her premiums plus interest.

**My final decision**

For the reasons I've given above, my final decision is that Phoenix Life Limited has already made a fair offer to settle Miss M's complaint.

Phoenix Life Limited must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 6 March 2025.

Lisa Barham  
**Ombudsman**