

The complaint

Mr and Mrs F as the trustees of the F Trust have complained about the inaccurate information and poor service provided by Phoenix Life Limited ('Phoenix') regarding the Trust's reviewable whole of life policies. They had been given wrong figures and overcharged premiums.

Mr F is representing the trustees in bringing the complaint so I will mostly refer to him in my final decision.

What happened

Between 2006 and 2015 the Trust took out 15 separate reviewable whole of life policies on a maximum basis. The policy numbers ended 511 to 517, 301, 402, 701 and 702 to 706. Reviewable whole of life policies are periodically reviewed to ensure the current premium is maintaining the life cover. If the review failed Mr and Mrs F were given the option to either keep the same premium but for reduced cover or increase the premiums to maintain the same level of cover.

On 22 October 2022 Mr and Mrs F were sent options forms for policies 702 to 704 but they showed the same premium for both options. Mr F called Phoenix and was advised to ignore the letters but didn't receive the corrected letters which he had been told would be sent within ten days. So, he wrote to Phoenix on 5 December 2022 but as he didn't receive any meaningful response he raised a complaint on 2 March 2023.

In the meantime, on 21 March 2023 Phoenix had sent failed review letters for policies 511, 517, 301, 516 and 517. Policy 514 had passed the review. Mr F wrote to Phoenix on 11 May 2023 as the review letter for policy 517 showed the sum assured as zero and the premium remaining at £23.66.

Phoenix responded to Mr F's complaint on 4 October 2023;

- It detailed the dates of review. For policies 702 to 706 review dates were in December each year and the remainder were in May each year.
- Because of the system issues it had experienced a few policies had missed their reviews over the last few years and its actuarial team had calculated the figures that should have applied for December 2021/2022 and May 2022/2023.
- As the actuarial calculations were for more than one period, it provided details of what the premiums and life cover would be if Mr and Mrs F had kept the same premiums or increased the premiums to keep the life cover the same. It gave Mr and Mrs F the option of what they wanted to do.
- An increased premium of £269.31 had been taken for policy 301 from May 2022 rather than the correct amount of £100.01. Once it had received Mr and Mrs F's instructions in respect of the options it said it would investigate this further, and any overpaid premiums would be refunded separately.
- It offered a total of £620 broken down as being;

- £350 for the trouble and upset caused
- £250 for the length of time to resolve the complaint
- £20 towards the cost of phone calls.

Mr F raised some further queries, so Phoenix wrote to him again on 22 November 2023;

- It provided Mr F with a list showing the policy numbers, commencement date, guaranteed death benefit amounts, premiums for review options and portfolio totals. Corrected review figures were provided. It confirmed that policies 705, 706 and 701 were due for review 16 December 2023, 16 December 2024 and 16 May 2025 respectively.
- It apologised for reference to a review date of 4 October 2023 which was incorrect.
- Policy 705 was due for review in December 2023 and once Mr F's instructions had been received Phoenix would be able to have the whole portfolio adjusted accordingly and issue the review paperwork for policy 705.
- Phoenix had previously given a life cover sum of £0.00 for policy 703. This was wrong and it apologised but it had been corrected as per the information it enclosed.
- Once it had Mr F's instructions it could investigate the possible overpayment for policy 301.

Correspondence continued so Phoenix reopened the previous complaint. Phoenix has provided us with a copy of a letter dated 15 March 2024 but I don't think that was actually sent to Mr and Mrs F as the information contained was duplicated, along with additional information, in its further final response issued on 27 March 2024;

- It apologised for the delay taken to respond to Mr F's letter of 7 December 2023 and email of 19 February 2024.
- The spreadsheet recently sent showed manually calculated figures for December 2022 for policies 702 to 705 and May 2023 for policies 511 to 517, 301 and 402.
- For policy 701 a debt had accrued as the monthly payment had been insufficient to finance the cover because the policy had been incorrectly set up on its previous legacy system. If the current premium was maintained the cover would be reduced from £180,612.00 to £5,908.62 or the premium could increase from £23.66 to £403.47 to maintain the cover.
- For policy 301 the life cover of £56,023.12 was the correct figure as of May 2023 if the current premium was maintained. The figure of £78,596.00 was from the 2022 policy review.
- For policy 704, to retain the same amount of cover of £152,435.00 the premium would have to increase to £166.20 as at the December 2022 review.
- For policy 705 the life cover of £160,057 was from the December 2022 review. The recent review Mr F had been sent showed a life cover of £123,181.00 but said it should be ignored until he had chosen which option he wanted to take for December 2022 and then its actuaries could manually calculate the December 2023 figures. This applied to policies 702 to 705. Policy 706 wasn't due a review until December 2024.
- It didn't accept its previous offer was derisory, but it hoped it had now answered all Mr F's queries. £200 was paid to Mr F as an apology for the delay taken to respond to his enquiry.

Unhappy with the outcome, Mr and Mrs F brought their complaint to the Financial Ombudsman Service. They said the matter had been dragged out for two years while Phoenix was taking monthly premiums and Mr and Mrs F had no knowledge of the sums assured. It still hadn't clarified the correct position for policy 301 where it had been taking the incorrect premiums. This policy had subsequently been surrendered, and they sought clarity of the proceeds received compared to the cash in/surrender value previously advised.

Our investigator who considered the complaint thought Phoenix needed to do more. He said;

- Phoenix said system issues had been caused because of migration of the policies to a different system which meant reviews for some of the policies had been missed but manual actuarial figures had been provided to Mr and Mrs F.
- Incorrect correspondence had been sent which led to further annoyance.
- Phoenix was to repay the additional premiums for policy 301 paid since May 2022.
- He thought Phoenix should write to Mr and Mrs F with a full schedule of their policies detailing the sums assured, premium and policy values and confirm Mr and Mrs F were covered while it resolved matters and that it would pay out in the event of a claim.
- Phoenix should provide Mr and Mrs F with monthly updates until the matter was resolved.
- It should clearly clarify how much had been overpaid in premiums.
- He thought Phoenix should increase its offer to £1,020.

Mr and Mrs F didn't agree. They thought the outcome was unfair and bearing in mind how they had been treated, was unlikely to resolve the matter;

- Phoenix still hadn't provided the correct information.
- Because of his profession Mr F wasn't ignorant as to what Phoenix had been doing since it took over the policies from the predecessor business.
- It had constantly promised updates, but nothing had happened. If he had used a solicitor, costs incurred would be between £40,000 and £50,000.
- In the meantime, Phoenix had been taking premiums of around £13,000 per year.
- He had paid around £150,000 in premiums over the years and didn't know their current values which was distressing.
- Phoenix had refunded £2,693.00 but they didn't know what that was for. If it was for the overcollection of premiums for 310 that should be in the region of £4,720.00.
- The surrender amount for policy 301 was below the cash in/surrender value previously advised.
- Mr F hadn't received responses to his letters or had received irrelevant responses.
- Mr F wanted to know the surrender value rather than the current sum assured, premium and policy values as it was likely they would surrender all the policies if Phoenix didn't put things right. He wanted clarification of the correct amounts that would be paid out in the event of a claim.
- He didn't want monthly updates but an end date.
- It was disgraceful that at their ages – 86 and 79 – they should be put in this position.
- The suggested redress didn't reflect the time taken away from Mr F's own business

and other financial affairs.

Subsequent to the above Mr F had received letters from Phoenix for policies 702 to 705 showing the current life cover and premiums and he wasn't sure why. Policy 706 was due to be reviewed on 16 December 2024, but he hadn't heard anything. He had been told that policy 517 would end unless he took action, but he had already written to Phoenix about that.

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.

After doing so, I've reached the same conclusion as the investigator and broadly for the same reasons. I'll explain why.

We are an informal dispute resolution service set up as a free – to consumers – alternative to the courts. In deciding this complaint, I focused on what I consider to be the central issues that are relevant to the outcome of the complaint, rather than commenting on every issue in turn. This isn't intended as a discourtesy, rather it reflects the informal nature of our service and my remit.

In my view, the crux of this complaint is about the poor administration Mr and Mrs F have experienced in their dealings with Phoenix and their subsequent frustration at the lack of support in resolving that and the continued and compounded errors.

Phoenix has told us the problems with its administration of the policies stemmed from their transfer to a different office. The policies were migrated to another system which resulted in system issues and led to the incorrect review letters being sent to Mr and Mrs F. I can also see policy 301 was impacted by an identified issue where the default review option of reducing the benefits hadn't been applied. Phoenix told us it had a specialised team rectifying the problem, but it was taking longer than it had hoped. This had caused delays in sending Mr and Mrs F the correct review results.

However, I understand that in Phoenix' final response to the complaint it was able to provide correct figures as a result of actuarial manual calculations. But this has clearly been a long drawn out and extremely frustrating process for Mr and Mrs F. And the matters still haven't been resolved to their satisfaction. The many errors have come about as a result of Phoenix transferring systems.

While I can't tell Phoenix how it should run its business, I can look at the outcome of that decision and how it impacted on Mr and Mrs F. It's known it was an internal business decision that led to the transfer of the policies to a different office and system, which has caused the problems. I accept that fact and clearly the position can't be backdated so in this decision I shall focus on what now needs to be done to put the matter right.

In his submissions to this service Mr F has said Phoenix still hasn't put the matters right and I appreciate further errors, such as incorrect letters being issued have no doubt compounded the issues. But I note that with reference to policy number 301 Phoenix has now been able to confirm that it made two repayments. One for £1,947.29 and one for £2,693.10 which total £4,640.39 and tallies with Mr F's view the overpayments amounted to around £4,700. However, for Mr F's peace of mind I think it would be appropriate for Phoenix to provide him with a breakdown of its calculations that gave rise to the repayment.

And I note that Mr F is concerned about the surrender proceeds he did receive for policy number 301 – £818.04 compared to the cash in value he was quoted of £1,181.37. I don't think it would be unreasonable to ask Phoenix to give Mr F an explanation for this difference bearing in mind Mr F's lack of confidence in Phoenix and the service he has received.

For policy number 517 Phoenix has explained that while it had corrected its system to the sum assured as being £5,908.62 with a monthly premium of £23.66, some corrections were outstanding which caused the incorrect letter being sent to Mr F. It apologised for this and said Mr F should ignore the correspondence. While it's good to know the underlying issue has been resolved I can understand Mr F's frustration in receiving additional and confusing letters from Phoenix in the meantime.

However, I'm satisfied Phoenix is trying to resolve the issues Mr and Mrs F have experienced and it has assured us that it has a specialised team in place to do that. It has also said resolution has taken longer than it would have liked. While I appreciate the frustration and upset caused to Mr and Mrs F because of this, I can't compel Phoenix to resolve the larger issues any more quickly than it is attempting to do.

But I think it can do more for Mr and Mrs F and provide them with the information they have requested. And I detail below what I think it needs to do. I have updated the position with regard to correspondence etc that has arisen subsequent to the investigator issuing his opinion about the complaint, such as the repayment for the policy 301 premiums. But overall, I haven't changed the outcome.

I'd like to apologise to Mr and Mrs F for the time it has taken for their complaint to be allocated to an ombudsman and for a final decision to be issued. I appreciate this has added to their frustration, particularly when they might potentially want to take action by surrendering the policies if Phoenix doesn't resolve matters. To this end Mr and Mrs F would like to have a current encashment value of all their policies which is a reasonable, along with the provision of other information to assure Mr and Mrs F the issues have been resolved.

Putting things right

Mr and Mrs F's understandable frustration is that they don't know the current position of the Trust's policies, so I think that needs to be put right. To do so;

- As a priority Phoenix should provide Mr and Mrs F with a summary of all the policies detailing for each policy;
 - The policy number
 - The current premiums
 - The life sum assured
 - A current cash in value and the surrender value if different.
- Phoenix should confirm to Mr and Mrs F that while it works to resolve the outstanding issues, any valid and successful claim would be met for the correct sums assured.
- And it should provide Mr and Mrs F with meaningful updates on a monthly basis as to the progress of the provision of information and resolutions sought as well as an estimate for the time needed to resolve the outstanding issues.
- For the two refunds paid for policy number ending 301, Phoenix should provide a clear breakdown of how the amounts were calculated. It should also explain the difference between the cash in value Mr F was quoted for the policy and the sum he received.

I'm satisfied Mr and Mrs F have been caused considerable upset and worry by Phoenix' errors and poor service, and that it has taken a lot of effort to try and resolve. Despite being long term customers Mr and Mrs F haven't known what their premiums were paying for, whether they were correct, and have had the uncertainty as to whether they would have been covered in the event of a claim. Dealing with the issues that have given rise to the complaint has been time consuming for Mr F and I appreciate the time spent could have been put to better use elsewhere. So, I think it would be fair and reasonable for an award to be made to reflect that.

Mr F initially thought the sum of £2,500 would be appropriate but later increased this to £10,000 for the aggravation caused. However, while I appreciate Mr F will disagree, I consider this sum to be excessive and much more than I would award under similar circumstances. But I am pleased the investigator recognised an additional award of £400 on top of what Phoenix has already offered which I think would be fair. So, in total Phoenix should pay;

- £750 for the trouble and upset caused
- £250 for the length of time taken to resolve the complaint
- £20 towards the cost of phone calls.

While I uphold the complaint, I appreciate Mr F will be disappointed I haven't gone further. It's clear he understandably feels strongly about the complaint, and I would like to thank him for the time and effort spent in bringing it to this service. But I hope I have been able to explain how and why I have reached my decision.

My final decision

For the reasons given, I uphold the trustees of the F Trust's complaint about Phoenix Life Limited and the matter should be put right as laid out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs F as trustees of the F Trust to accept or reject my decision before 10 September 2025.

Catherine Langley
Ombudsman