

## **The complaint**

Mrs P is represented by Mr P. He complains on their behalf that the Balance Plan (Whole of Life Policy) taken out through Norwich Union now Aviva Life and Pensions (Aviva) is not holding the correct number of units.

## **What happened**

Mrs P took out the Balance Plan in 1987 with a monthly premium of £30. She has said that later in 1987 a friend took out the same plan paying £30 per month. When discussing her plan's performance with her friend Mrs P has noticed that her plan had accumulated a lower number of units resulting in a lower market value.

Mrs P complained to Aviva in May 2024 that she felt the number of units held in her plan were incorrect after comparing them to the units held in her friends.

In its final response, dated 24 July 2024, Aviva confirmed the value of Mrs P's plan was correct. Aviva explained that the difference in value was due to the number of units applied to the respective policies being different. A further explanation was given that the changes were applied because of a correction made to mortality charges. Mr P disagreed with the outcome and referred the complaint to our service.

Our investigator considered the case but felt it was not a complaint they could uphold. They explained that the differences between Mrs P and her friend, such as their age, life expectancy and sum assured would impact on the cost of the cover provided and as such the plans would be charged differently. As such the difference in charges would affect the cost of the life cover and therefore the number of units held.

Mr P disagreed with the assessment and requested that the complaint be passed to an ombudsman for review.

## **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.

Mr P in his submissions has provided a comparison of the charges and fees applied to Mrs P and her friend's policies. He has made the point that over the life of the policies Mrs P's charges and fees have been almost identical and as such has concluded that the difference should not have impacted the value of the plan.

Aviva has provided comments from its actuarial department where it has explained the reason why the two plans are not comparable. They have said it reviewed mortality rates based on life expectancy in 2021, and new rates were implemented to reflect the improvements in life expectancy since the 1980s when the policies were set up.

Revised rates were introduced from 2022 and backdated with effect from 2014 with adjustments made for overpayments between 2014 and 2022 resulting in additional units being added to plans where necessary. Improvements in life expectancy vary depending on

age and gender. The review conducted by Aviva showed that on average that rates applied to male lives needed a greater reduction than those applied to female lives, this resulted in more units being applied to Mrs P's friend's plan.

Aviva also highlighted that Mrs P's plan had a higher benefit amount than her friends which also affected how the mortality charge is calculated.

As our investigator explained, our role is not that of an actuarial service so I'm in a position where I must decide which submission I find more reliable.

I have given a good deal of consideration to Mr P's evidence however I do find Aviva's explanation for the difference more persuading. I say this because I agree that a policy holders age and gender will be a contributing factor to how a mortality rate is calculated. I am also in agreement that the difference in the benefit amount would affect the cost of the cover and therefore the amount of units held.

Mrs P and her friend are different ages, genders and the benefit amount on her policy is greater. So, I do not find it unusual or unfair that the mortality charges applied to her policy are different.

I appreciate Mr P's comments about the policies being taken out at the same time, with the same premium and the charges being almost identical. However, this does not automatically mean that values will be identical. The charges may be similar, but they are not exactly the same. I'm also conscious that the spreadsheet provided by Mr P is missing information relating to the mortality charges between 2008 and 2018 so the actual variance in charges is likely to be higher than the figure he's quoted. Over the length of time the plans have been in force the slight difference in charges will have a meaningful effect of the respective values. This is because lower deductions for charges would have meant that more units would be retained within the policy resulting in a higher underlying fund value.

Based on the evidence I've seen, and the explanations provided I do not believe Aviva has treated Mrs P unfairly or calculated the value of her plan incorrectly.

### **My final decision**

For the reasons I have set out above I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 2 July 2025.

Rob Croucher  
**Ombudsman**