

The complaint

Mr D complains about how Aviva Life & Pensions UK Limited have administered a reviewable whole of life (RWOL) policy he holds with them. He's unhappy with the outcome of a policy review in 2020 and thinks they should have made him aware earlier about the level of premium needed to sustain the policy.

What happened

Mr D has held his RWOL policy for a number of years. Aviva reviewed the policy in 2020 and wrote to him explaining that they'd made an error while conducting the previous review in 2016. They said that they'd based their calculations on an incorrect sum assured figure which meant that he'd been paying premiums that were too low. However, they'd adjusted the policy to make sure he hadn't been disadvantaged.

They went on to say that the outcome of the review was that in order to maintain the sum assured of £114,700, the premiums would need to increase from £128.20 to £259.88. Alternatively, if the premiums weren't increased, then the sum assured would reduce to £57,105.

Mr D complained to Aviva about the outcome of the review. He explained that he was unhappy with the outcome of the review and found the combination of letters he'd received relating to the policy's annual indexation and the policy review to be confusing. He thought that if the 2016 review had been done correctly, he wouldn't have made the decision to retire as his decision had been partially based on the support the policy would provide if he passed away.

Aviva looked into the concerns he'd raised and apologised for the confusion caused and the errors they'd made. They explained that the level of premium increase required by the 2020 review had been impacted by their errors in the 2016 review. Essentially, they'd based their review on a sum assured of £58,756 instead of £89,865. This meant that they'd said that the premiums of £100.45 could support the policy until the next review. They should have said that the premiums needed to increase to £137.51, or the sum assured needed to reduce to £66,361. The error had also impacted the annual indexation reviews, as they'd been calculated using the incorrect premium amount.

In order to put things right, they'd adjusted the policy to ensure it was in the position it would've been had the errors not occurred and they also offered £300 in compensation for the frustration they'd caused him.

Mr D didn't accept their findings and asked for our help with the matter. The complaint was considered by one of our investigators who initially thought it should be upheld, but after further submissions from Aviva, decided that it shouldn't be upheld. She acknowledged that Aviva hadn't provided all the information they ought to have done to Mr D in the past. But she thought that they'd provided enough information for him to appreciate the likely future premium increases needed to sustain the policy for life.

Mr D didn't agree with the investigator. He thought that the information he'd received from

Aviva in the past hadn't given him sufficient warning to consider the future affordability of the policy or what the final death benefit might be. He reiterated that when he was considering his retirement, he'd expected the costs of the policy to remain affordable.

The investigator wasn't persuaded to change her opinion and as there's been no agreement, the complaint has 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.

In my opinion, the crux of this complaint is whether or not Aviva were within their rights to review the policy and make the changes they did. And also, if they provided Mr D with sufficient information in the past about what the future held for the policy.

The terms of Mr D's policy – a Flexible Protection Plan – say that it is reviewable. And regular reviews will be carried out to see if the premiums being paid are sufficient to continue to provide the policy's benefits based on Aviva's assumptions. If the premiums are considered to be insufficient, then changes can be made to either the sum assured or premiums.

Taking this into account, I'm satisfied that the policy didn't offer a guaranteed sum assured for a guaranteed premium and Aviva were allowed to review the policy and propose changes which in their opinion would sustain the policy.

But being able to review the policy is only one part of the complaint. Aviva also ought to have given Mr D sufficient warning about the changes that the policy might need in the future. This is because in order to meet the regulator's requirements, firms need to ensure that they provide policyholders with enough information to enable them to make an informed decision about their options for the future.

I don't think Aviva provided Mr D with all the information they should have done. I haven't seen that they ever provided him with costs of the policy, which was a key piece of information, especially from the point where they overtook the premiums being paid in 2004. They also didn't provide details of how long the policy was expected to last on its current terms. But as the investigator noted, Aviva have been providing Mr D with some information and different options in their review letters.

The 2005 review letter said that the review had failed, and premiums needed to increase from £58.73 to £80.86. If the premiums didn't increase, then the sum assured would reduce from £88,051 to £67,039. It also said that it was likely that at the next review he'd need a significant increase in his premium to maintain the same benefits. However, he could increase his premium to £135.12, which would help minimise the likelihood of future premium increases.

The 2010 review also failed and the review letter said that the premiums of £78.70 weren't enough to maintain the sum assured at the time of £119,022. If Mr D wanted to maintain the sum assured, he'd have to increase his premiums to £196.85 or else the sum assured would fall to £46,037. And if he wanted to minimise any future premium increases, he could increase his premiums to £392.31.

The erroneous 2016 review didn't fail and said that he didn't need to change his premiums of £100.45 in order to maintain the sum assured of £58,756. But it did say that if he wanted to minimise any future premium increases, he could opt to increase his premiums to £165.59.

Having considered the level of information that Aviva provided to Mr D, I think they gave him enough information to show that his premiums and sum assured weren't guaranteed and also indicated the level of changes that might be required in the future – which were significant. Even the erroneous 2016 review that he factored into his decision to retire stated that in order to maintain the policy for life, he'd need to significantly increase his premiums.

So given that Mr D didn't take any action after receiving the information that he did from Aviva, I don't think that he would have taken a different course of action even if he had received information about the specific level of charges or a projection of how long the policy was expected to last on its current terms.

I think that based on the fluctuation in premium and sum assured since 2005 and also based on the figures he'd quoted around the premium that was required to sustain the policy for life in the 2005, 2010 and 2016 reviews, he ought to have been aware of the potential for change in the future. I appreciate that he thought the premiums would only go up by around 5% each year, but this increase only related to the indexation option on the policy and not the policy reviews. I think that it was reasonably clear that he'd have to increase his premiums by more than this amount if he wanted the policy to last for life.

And while Aviva did make errors in the 2016 review, I think that the steps they've taken to put things right and the compensation they offered Mr D is fair and reasonable, so I won't be asking them to do anything else to resolve the complaint.

Therefore, having considered everything, I don't think this complaint should be upheld. I appreciate this will come as a disappointment to Mr D, but I hope he can understand the reasons why I've come to this conclusion.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 1 October 2025.

Marc Purnell
Ombudsman