

The complaint

Mrs T complains that Wesleyan Assurance Society ('Wesleyan') mis-sold her a reviewable whole of life policy.

What happened

I've outlined what I think are the key events and points involved in the complaint below.

Mrs T took out a reviewable whole of life policy – the Lifetime Account plan – in 1999 after receiving advice from Wesleyan to do so. The monthly premium was initially £30, it provided life and critical illness cover with a total sum assured £250,000 and the policy had an indexation increase option. The policy was subject to reviews, the first of which would take place on the tenth anniversary of the plan and then subsequent reviews would be notified to the policyholder after the first.

I understand that, by 2011, due to indexation the sum assured and premium had increased to a total, including life and critical illness cover, of around £450,000 for a monthly premium of £56.

At times Mrs T explored making a partial withdrawal from the plan's investment value. But on each occasion she chose not to go ahead with that, seemingly after receiving a review letter with her options based on how the plan stood and the impact of a withdrawal on it. But, on each occasion she chose not to go ahead with that after then receiving a review letter including, for example, in 2012. Following the 2012 review letter, after being given options, Mrs T's total sum assured reduced to around £423,000 for the same premium.

The 2014 review letter 'failed' and, after being given options, Mrs T's total sum assured reduced to around £353,000 for the same premium, which after indexation was now £59.

Then, after being informed of the policy's 2014 annual indexation premium increase amount, which meant the premium would increase to £62 per month, Mrs T cancelled the indexation going forwards, which meant her monthly premium remained at £59.

The 2024 review letter followed along the above lines and, after being given options, Mrs T's total sum assured reduced to around £177,000 for the same premium.

As a result, Mrs T complained to Wesleyan. She said, in summary, that she wasn't told when she took the policy out that reviews of the premiums would take place and that increases to this could be significant.

In November 2024, Wesleyan sent its final response letter not upholding the complaint. Although it offered Mrs T £150 in compensation for the time taken to provide her with its response, which she accepted.

Unhappy with Wesleyan's response, Mrs T referred her complaint to our Service. She added, amongst other things, that she thought she had the same plan as her sister, whose premiums have remained the same, rather than being reviewable. And she was led to

believe the indexation was what led to the increases, which is why she later removed that from her plan. She said she wasn't told the 15% indexation limit didn't apply to reviews. And if she'd been aware her plan was subject to review increases then she'd have ensured she had one like her sister's. Although she intends to continue with the plan, having paid premiums for over 25 years.

Wesleyan confirmed that it consents to us considering Mrs T's sale complaint, if made late.

One of our Investigators reviewed Mrs T's complaint and said they weren't asking Wesleyan to do anything. In respect of the sale of the plan the Investigator said, in summary, that it was taken out to provide cover for Mrs T's child if she passed away. There was a clear need for the plan and nothing to suggest it was unaffordable. And they said that the plan's reviewable nature of was also made clear in the documentation provided at the time.

Mrs T didn't agree and asked for an Ombudsman to consider her complaint. She added that she didn't understand how she could be sold a plan where premiums increased by over 138% at one review. And she maintained she wasn't advised at the sale when she should have been that the premiums could, and would, increase by so much.

Because no agreement could be reached the case has been passed to me for a decision.

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, while I understand Mrs T will be disappointed, I'm not asking Wesleyan to do anything for the following reasons, which are largely the same as those given by our Investigator.

In deciding this complaint I've taken into account the law, any relevant regulatory rules including the principles and good industry practice at the time.

While I've carefully considered the entirety of the submissions the parties have provided, my decision focuses on what I consider to be the central issues. The purpose of my decision isn't to comment on every point or question made, rather it's to set out my decision and reasons for reaching it.

While some of the information from the sale is no longer available due to the passage of time, such as the fact find, Mrs T's complaint isn't that this plan was unsuitable for her needs in the circumstances. So I haven't considered that in any detail here, other than to briefly say for completeness that it isn't in dispute that there was a want and need for the plan to provide cover if Mrs T passed away, which was affordable at the time. This is supported by Mrs T having told us she took out the cover as she was a single parent, who wanted to leave an inheritance for her child's future and to cover funeral costs if she passed away. And I can see that this is also reflected in the adviser's 'reasons why' letter from the time. So I don't think the recommendation was unsuitable in the circumstances.

Instead, I think the key issue concerning the sale here is that Mrs T feels that she wasn't told the plan is reviewable, that she was incorrectly told any premium increases had a 15% limit and she wasn't made aware of potential future changes to premiums.

While I appreciate Mrs T's position, I'm conscious the sale happened many years ago. In my experience of these policies, given the reviewable nature and knowing how these were sold, I think it's very likely the adviser would have explained that the policy was a reviewable one.

And, in Mrs T's case, this supported by the 'reasons why' letter that was sent to her by the adviser at the time, which explains that the policy would be reviewed at intervals to ensure cover can be maintained by the current premium and that an increase in that might be necessary to continue cover at the same levels.

The 'reasons why' letter also separately explained that the indexation option meant Mrs T's premium would increase annually, subject to a minimum of 5% and a maximum of 15%. So I think it was made clear to Mrs T at the time that this maximum increase limit applied to indexation increases rather than reviews, which are separate processes. This is supported by Mrs T's policy schedule and 'lifetime account regular contributions' document, which specifically say that indexation increases won't be greater than the maximum of 15%. There's nothing to suggest Mrs T was told this would apply to review increases.

Mrs T was also provided with the policy terms at, or around, the time of sale which say, in summary, under an 'Account Reviews' heading, that from time to time the amounts of cover – with 'cover' being defined as meaning any life, critical illness and waiver of contribution cover – being provided by the Lifetime Account Plus policy will be reviewed to determine whether or not the plan value and premiums being paid will sustain the current level of cover until the next review, having regard to the costs of cover. And that where Wesleyan determines that this can't be sustained then the insured will be given the option to increase premiums or reduce the level of cover to amounts determined by it. And Wesleyan can otherwise reduce each cover to a level that it thinks can be maintained across these.

The policy terms also set out that, in respect of additional contributions arising from annual increases i.e. indexation, that the annual increases are subject to a maximum of 15%. I've seen nothing in the policy terms which suggest this also applies to requested premium increases required at reviews.

So I think the policy terms also clearly explain the policy will be reviewed. And that it is clear from these that, in contrast to the level of premium increase that can be required at annual indexation, the amount of any premium increase or reduction in cover required at the review is dependent on what is needed to sustain the policy.

Looking at the available information, I can't safely say that there were any misstatements or that Mrs T was given any guarantees that the policy wouldn't change over time. The adviser may not have told Mrs T about the potential for significant changes in the future at reviews. But the scale of any changes wouldn't have been apparent to the adviser or quantifiable at the time, as it was dependent on investment performance and could only be established at the point of reviews.

I think all the adviser could have done was to explain the reviewable nature of the policy to Mrs T and that there could be changes, which I think the 'reasons why' letter reflects they did at the time. This information was also clearly set out in the policy terms Mrs T was given in the way I've said. So I can't fairly say that relevant material information wasn't disclosed to her. Instead, I think it was likely explained to Mrs T that the plan is a reviewable one.

In summary, for the above reasons, I'm not asking Wesleyan to do anything.

My final decision

For the reasons given, I'm not asking Wesleyan Assurance Society to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 29 December 2025.

Holly Jackson
Ombudsman