

## **The complaint**

Mrs D and Mr D complain that after they missed a payment on their whole of life policy, ReAssure Life Limited didn't follow their reinstatement policy.

## **What happened**

In 2001, Mrs D and Mr D took out a whole of life policy with a business that has since been acquired by ReAssure. In August 2023, when ReAssure attempted to collect a monthly premium, the payment was unsuccessful. They re-applied again shortly after, and the request was again unsuccessful. ReAssure wrote to Mrs D and Mr D to explain there may be further requirements before the policy could be continued.

After speaking with ReAssure, Mrs D and Mr D made a manual payment in September and other manual payments until late 2023. These payments were held by ReAssure pending a completed declaration of health form and the possibility of further medical information being required. Mrs D and Mr D complained that ReAssure weren't following their reinstatement process and that the information they'd been provided with was unclear and confusing.

ReAssure partially upheld the complaint. They said they had followed their arrears and reinstatement process but had provided Mrs D and Mr D with incorrect information that delayed the process. ReAssure acknowledged they failed to return calls to Mrs D and Mr D. They apologised and offered them £250 to resolve the complaint. Shortly after this response, ReAssure told Mrs D and Mr D they would not be re-instating the policy after considering the additional medical evidence they'd received.

Mrs D and Mr D brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought ReAssure had acted in line with the policy terms and conditions regarding missed payments and cancellation, and that it wasn't unfair for them to ask for further medical information. The Investigator thought ReAssure's apology and offer of £250 for the incorrect information they provided and their failure to return some calls, is a fair and reasonable one to resolve the complaint.

Mrs D and Mr D asked that an Ombudsman decides the complaint and it has been passed to me to consider.

## **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.

Mrs D and Mr D believe ReAssure didn't follow their processes when the August 2023 payment was missed, and that they were treated unfairly. That's what I consider to be at the crux of this complaint and my decision will focus on this. I understand Mrs D and Mr D will be disappointed, but for very much the same reasons as our Investigator, I've decided ReAssure didn't do anything significantly wrong in this regard. I will now explain why.

The terms and conditions of the policy tell Mrs D and Mr D what could happen if a premium

was missed:

*“If you miss a premium you will have 30 days to make a payment. If you haven’t paid after 30 days one of the following will happen:*

- If your plan has a fund value the life cover can continue, but any waiver of premium or total disability benefit may end. We will continue to deduct the charges from the fund value. This is referred to as being ‘paid up.’ If the fund value is reduced to zero as a result, the plan and the cover will stop.*
- If your plan has no fund value it will lapse and all cover will end. You may be able to reinstate your cover and start paying premiums again within 13 months of the first missed premium, subject to your health at the time. We’ll tell you what information we’ll need to do this when you contact us.”*

When the payment due on 1 August 2023 was unsuccessful, ReAssure attempted to collect the payment again. When this attempt was unsuccessful, they wrote to Mrs D and Mr D on 17 August to explain what would happen if the payment wasn’t received by 31 August. ReAssure said:

*“If we don’t receive the missed premium by 31 August 2023 you may have to give us further information about your health and lifestyle. This could cause premiums {sic} to increase, or we may have to decline the cover.”*

Mrs D and Mr D were on holiday between 1 July and 1 September and in September paid the missed premium, and requested a new direct debit be set up. There’s no dispute Mrs D and Mr D paid ad-hoc premiums on the policy until late 2023 and that these have now been returned to them.

It’s unfortunate that Mrs D and Mr D didn’t review the letter ReAssure sent to them on 17 August until early September as they were on holiday. However, the evidence supports that while they were on holiday ReAssure were unable to collect the premium due on 1 August. As a result, the policy fell into arrears on 31 August. The terms and conditions of the policy explain what will happen if a premium is outstanding for more than 30-days. ReAssure’s letter of 17 August clarified that if the missed premium wasn’t received by 31 August, they could ask Mrs D and Mr D for further information about their health and lifestyle. The payment wasn’t received by this date.

On 2 October, ReAssure wrote to Mrs D and Mr D to confirm receipt of the ad-hoc premiums for August and September, but explained that before they could apply premiums to the policy, they required a completed Declaration of Health (DoH) and a new Direct Debit Mandate. This gets to the crux of the complaint. Were ReAssure treating Mrs D and Mr D fairly by asking for a DoH at this stage? I’ve decided they were as they were acting in line with the terms and conditions of the policy because there’s no question the premium due in August had been outstanding for more than 30-days. As a result, ReAssure didn’t do anything wrong in asking for a DoH at this time, and they made it reasonably clear to Mrs D and Mr D that any monies they received wouldn’t be applied to the policy until it had received the completed declaration and their underwriters had made a decision on whether the policy would be re-instated, or if new policy terms would apply.

When ReAssure received the DoH, in November, they decided that further medical information was required before they could make a decision about reinstating the policy. I understand that after receiving further medical evidence, ReAssure decided not to re-instate the policy. And, as I’ve already mentioned, ReAssure has refunded the ad hoc premiums Mrs D and Mr D sent to them.

I acknowledge Mrs D and Mr D's concerns that ReAssure cancelled the policy whilst there was still a fund value to pay the premiums, but this isn't the case here. In this case, the policy still had a fund value, and the premiums continued to be paid from this value. This is supported by the annual statement ReAssure issued on 2 May 2024. The statement explains there are no regular premiums being paid into the policy, which is the case, but explains that policy charges and the costs of any applicable cover may still be deducted. The life cover provided by the policy in May 2024 was the same as the life cover Mrs D and Mr D believed was payable on the policy. ReAssure have provided a copy of the deductions for mortality charges – the cost of the life cover – that were being taken from the fund value between September 2023 and May 2024. In other words I'm satisfied that ReAssure were following their re-instatement policy as detailed earlier in my decision. The end result of this meant the policy became paid-up – as explained in the terms and conditions - and when the fund value reached zero, the policy terminated.

ReAssure haven't treated Mrs D and Mr D unfairly when they followed their re-instatement policy, but they accept some of the information they provided to them, and their financial adviser, caused them some distress. The calls notes I've seen suggest that ReAssure provided some incomplete information about what would happen to the premiums Mrs D and Mr D paid before ReAssure completed their re-instatement process. In this regard, ReAssure could have been clearer that ad-hoc premiums Mrs D and Mr D had paid weren't going to be applied to the policy until the DoH had been received and considered by their underwriters. But I'm satisfied this didn't significantly delay the process as ReAssure was awaiting completed DoH's before they could decide what to do next. Regardless of the lack of clarity around this particular issue during telephone calls, ReAssure did make it reasonably clear to Mrs D and Mr D in their letter of 2 October what their re-instatement process would be. So, I've decided ReAssure's offer to pay Mrs D and Mr D £250 to recognise the confusion caused during telephone calls with them is a fair and reasonable one to resolve the complaint.

### **My final decision**

ReAssure Life Limited has already made an offer to pay £250 to settle the complaint and this offer is fair in all the circumstances. So, my decision is that ReAssure Life Limited should pay Mrs D and Mr D £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 15 July 2025.

Paul Lawton  
**Ombudsman**