

The complaint

Mr D, Mr F and Mr T complain as trustees that ReAssure Life Limited provided misleading information regarding the sum assured for a whole of life policy held in trust.

What happened

By way of background, there have been several related complaints raised with ReAssure in relation to policy administration and it has issued a series of final responses. For clarity, this decision concerns specifically the issue noted above – what the sum assured of the policy should be following a series of correspondence issued in 2023.

In April 2023 ReAssure wrote to Mr F to offer an 'optional annual increase' for the policy, in line with the retail price index (RPI). It said that it could increase the current sum assured from £58,307 to £66,069.88 if Mr F agreed to an increase in annual premium from £2,704.50 to £3,078.80. There was no obligation for him to accept the change and the letter explained that if ReAssure heard nothing from him the sum assured and premium would stay the same. Mr F nevertheless replied to ReAssure confirming that he wanted the values left unchanged.

Shortly after, in May 2023, ReAssure sent a further letter to Mr F, this time to explain that the policy had been performance reviewed and as a result changes needed to be made. It offered two options. The first was to maintain the annual premium at £2,704.50 and accept a reduced sum assured of £36,259. The second was to cancel the policy if it was no longer needed. Mr D has told us that this review letter wasn't received by Mr F.

Then in August 2023 ReAssure wrote again to Mr F again to apologise and explain that the May 2023 letter had been incorrect. ReAssure said that he should've been provided with an additional option of maintaining the £58,307 sum assured by increasing the annual premium from £2,704.50 to £3,369.46. The letter said that if no response was received it would default to keeping the premium the same and reducing the sum assured to £36,259.

There then followed a series of phone calls to ReAssure from Mr F, Mr D and their financial adviser. There appears to have been a duplicate payment of the £2,704.50 taken and the policy sum assured was reduced to the £36,259 figure. These matters were eventually sorted out during the calls, and the sum assured was restored to the £58,307 figure by way of a supplementary payment to make up the difference between the £2,704.50 and new premium of £3,369.46 needed to maintain the sum assured.

As noted, various complaints were made to ReAssure and handled under different references. These included the issue under consideration here of what the correct sum assured was. Mr D felt that following the increase to the annual premium the sum assured should be the figure of £66,069.88 originally offered to Mr F in the April 2023 letter. ReAssure's position was that the £58,307 figure was correct. But it did accept that errors had been made and across two responses offered a total of £650 in compensation.

The matter was referred to this service and looked into by an investigator who concluded that the £58,307 figure was the correct sum assured. She was satisfied that Mr F had not

wanted the sum assured to increase above that amount, given his response to ReAssure following the original 'optional annual increase' letter. She noted what Mr D had said about the August review letter not being received by Mr F, but felt that as it had been correctly addressed, she didn't think ReAssure had acted incorrectly on that point. However, she acknowledged the other errors ReAssure had made and the difficulties they would've created for Mr F and others but nevertheless felt that the compensation offered was fair in the circumstances.

Mr D didn't accept the investigator's view. He said, in brief –

- The original letter of April 2023 had offered an optional increase in the sum assured but did not say that the sum assured would be reduced if the increase wasn't accepted. That's why Mr F didn't accept the increase.
- As previously stated, Mr F didn't receive the next letter in May 2023 regarding the performance review so wasn't aware of a need to take any action.
- At the point of the August 2023 letter being sent the only information Mr F had received from Reassure was the April 2023 letter stating that increasing his premium would lead to an increased sum assured. This information informed his decision to later increase the annual premium, which he believed would also increase the sum assured to the £66,069.88 figure.

The investigator wasn't persuaded to change her view. So, as no agreement could be reached, the matter was referred to me to 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.

As the background to the complaint clearly shows, the administration of the policy has not been well handled by ReAssure. I can entirely understand Mr F and the other trustees' frustration with what's happened.

But in respect of the specific issue I'm considering here, what the correct sum assured for the policy should be, I've also concluded that it is £58,307, not the higher figure of £66,069.88.

That latter figure was only ever communicated to Mr F in the letter of April 2023. And it was relevant only in respect of an optional RPI indexation increase of 13.8%. If the option was taken up both the annual premium and the sum assured would increase by that proportion. But Mr F clearly didn't want to increase the annual premium in the context of that offer as he confirmed that in writing to ReAssure.

The next communication in May 2023 also related to premium increases, but this was in a different context, that of a performance review carried out by ReAssure as part of the normal operation of the whole of life policy. The review assessed whether the existing level of premium would continue to support the existing sum assured, or whether changes need to be made.

I appreciate that Mr D has said that letter wasn't received, and further that it was inaccurate, as it didn't contain the option to increase the annual premium to maintain the sum assured at £58,037. But it was nevertheless in part correct in so much as it explained that the current level of premium couldn't continue to support the existing sum assured of £58,307.

The follow-up letter in August 2023 that added in the previously missed option of increasing

the premium to maintain the sum assured was, in my view, correct. I can understand that much confusion had been created. Particularly given how close together the optional index increase letter and then the review letter were sent – only a month apart. But I'm satisfied the higher sum assured figure of £66,069.88 only related to the optional index increase. It would only have been achieved by accepting the premium increase to £3,078.80 in April 2023, separate and distinct to any later increase required as a result of the performance review.

As I say, I do understand how confusing and frustrating all this was. But I think the level of compensation offered by ReAssure of £650 is a fair and reasonable way in which to put things right. I don't think anything more needs to be done as I'm satisfied the policy's sum assured is correct.

My final decision

My final decision is that the combined offer of £650 made by ReAssure Life Limited in respect of the issues under consideration here is fair and reasonable and should now be paid if ReAssure hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D, Mr F and Mr T to accept or reject my decision before 29 January 2026.

James Harris
Ombudsman