

The complaint

The estate of Mrs P complains about the way Phoenix Life Limited dealt with a claim on two life cover policies. The estate doesn't think all the monies due from the policies have been paid.

What happened

In 1936 and 1939, the late Mrs P's parents took out two industrial branch whole of life assurance policies (originally with Britannic Assurance) on her behalf, with Mrs P as the life assured. The premium due for each policy was 1d (one pre-decimal penny) per week and the sum assureds were £13.30 and £15 respectively.

In March 2024, Mrs P sadly passed away. A few months after this, in his position as executor for the estate, Mr P attempted to make a claim with Phoenix to have the policy proceeds paid to the estate. After several weeks of going back and forth trying to progress the claim, Mr P was told the policies had already been surrendered and paid out in 1993.

In October 2024, Mr P raised a complaint on behalf of Mrs P's estate. He was unhappy with how the claim had been handled, but particularly that Phoenix hadn't paid out the funds that were due.

Phoenix responded to the complaint. There were problems in Mr P receiving the response, so a further response was sent in October 2024. In summary this said:

- It apologised for the service provided when dealing with Mr P's inquiries relating to his late mother's policies and accepted it had provided contradictory information.
- Its records show that these policies were paid in the year 1993, with payment made to Mrs P, therefore there is no longer an outstanding value left on the policies
- In recognition of the poor customer service Mr P experienced, it paid him £350 to compensate for its errors.

Following this, Mr P referred the complaint to this service for an independent review.

After the complaint was referred to us, Phoenix made an offer to the estate. It offered to pay the death value for both policies as at 31 March 2024, which it said was £228.20 for the first policy and £202.08 for the other. It agreed to pay late payment interest at 8% on these values from 31 March 2024 to the date it pays the claim. And it also offered to pay a further £200 compensation as it accepted it didn't fully consider the evidence supplied by Mr P.

One of our investigators considered the offer. He found the offer to pay the death benefit for both policies with interest to be fair. He explained we can't award compensation for distress and inconvenience to executors, so couldn't say the £550 offer by Phoenix was fair but he acknowledged this seemed generous compared to the type of awards we would usually make in situations like this.

Mr P responded to say he thought the amounts offered for the death benefit were low, so doesn't think the amounts have been calculated correctly. He also feels the compensation should be higher for all of the time spent, money spent on calls and recorded delivery

postage and trouble he's been put through. As no agreement could be reached, the complaint 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.

Firstly, I acknowledge these policies were taken out a long time ago, and this means it can be more challenging with regards to the accuracy of record keeping and the availability of information. But I note Phoenix has now agreed to calculate and pay the death benefit for both policies to Mrs P's estate. In the circumstances this is a fair and reasonable approach to take. What remains in dispute is whether the amount calculated by Phoenix is fair. So, the focus of my decision will be on this.

Mr P has questioned whether the amount calculated for the death benefit is sufficient and feels that the figures presented are low. Phoenix has explained that its actuarial department calculate the amount due using the policy information available.

These policies had been in force for a long time, and there is evidence that they became paid up in 1993 (meaning no further premiums were required). But with this type of policy the amount of premiums paid doesn't correlate to the death benefit payable. The death benefit is made up of a combination of the sum assured, the annual bonuses applied and any terminal bonus. The terminal bonus cannot be guaranteed, and the amount paid is a commercial judgement on the part of the business.

We know the sum assured for the policies were £15 and £13.30 – so this was minimum guaranteed amount to be paid for the respective policies, but this has been increased by the bonuses applied. Phoenix has broken down the death benefit, providing figures made of the sum assured and bonuses applied to each policy. While I appreciate Mr P thinks the amounts are low, it isn't clear to me why they should be considered inaccurate. The amount calculated is a significant multiple of the minimum sum assured after the bonuses were added. Having considered the evidence available, I haven't found reason to say there has been an error made.

I also note that Phoenix has agreed to pay late payment interest from the date of Mrs P's death to the date the settlement is actually made. The rate of interest of 8% simple per year, is in line with what we would typically award where there has been a delay in payment, and the estate hasn't received funds it was due for a period of time. This again is a fair and reasonable approach to take. So my conclusion is that overall, the offer made by Phoenix to pay out the death benefit is fair.

Mr P has also questioned whether Phoenix has offered enough compensation for the trouble he's been put through when trying to resolve the situation. As the investigator explained, we have no power to award compensation to him as the appropriate legal representative of the estate. I can only award for impact on the eligible complainant (Mrs P). So, while Mr P is disappointed with the amount offered to him, I'm unable to consider the fairness of this. But I do think it is positive that Phoenix has acknowledged that it hasn't dealt with Mr P as well as it could have – so has offered an amount of compensation that appears to be broadly in line with the type of award we would make where we have the power to do so.

In conclusion, I find the offer made by Phoenix to pay the death benefit with interest is fair and reasonable. I note it is also agreed to pay a further £200 compensation to Mr P, he should contact Phoenix directly if he now wishes to accept this.

My final decision

Phoenix Life has already made an offer to pay the death benefit for both policies with late interest to the date of settlement, and I think this offer is fair in all the circumstances.

So, my decision is that Phoenix Life should pay the estate of Mrs P the amounts of £202.08 and £228.20 with simple interest at a rate of 8% simple per year from 31 March 2024 to the date it makes settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs P to accept or reject my decision before 25 September 2025.

Daniel Little
Ombudsman