

The complaint

Mr P, a trustee of the P Trust, complains about incorrect information Scottish Widows Limited has sent him about the whole of life policy held in the P Trust.

What happened

In 1995 Mr P took out a reviewable whole of life policy and placed it in trust – he and two others, Mr P2 and Mr P3, are the trustees of the trust, though Mr P is responsible for paying the premiums. Mr P2 and Mr P3 have also joined this complaint, but for ease, I'll just refer to Mr P throughout my decision. Since 2009, the sum assured of the policy has been £27,000 and premium £135.55 and no reviews have taken place since then.

From April 2024 to March 2025, Scottish Widows sent Mr P a series of incorrect and contradictory information about the policy, which included telling him the premiums would need to double, and separately that the sum assured had decreased. Scottish Widows couldn't explain why this information had been wrongly sent out but offered a total of £1,000 compensation in recognition of the impact of the incorrect information.

Mr P wasn't happy with this and brought the complaint to our service. An investigator at our service considered the complaint and found the offer made by Scottish Widows was fair. Mr P disputed this, primarily because he was concerned that further wrong information would be sent out. He also wanted to ensure that the other trustees wouldn't have any problems with the sum assured, in the event they have to claim on the policy. The investigator wasn't persuaded to change her mind, so the complaint was passed to me for a decision.

I requested further information from Scottish Widows about the history of the policy and asked what they would be doing to prevent incorrect information from being sent out in future. Upon receipt of their answers, we wrote to Mr P to explain the following:

- The terms of the policy say a review should take place every five years up until Mr P turned 70 years old. After that point the reviews ought to have been every year. The last review in 2009 caused the premiums to increase to £135.55 per month for the sum assured of £27,000.
- The policy should have been reviewed every year since then, but because of Scottish Widows' error, the reviews haven't taken place. Scottish Widows has been aware of this error since at least 2016. This means that essentially Scottish Widows has not reviewed the policy properly since 2009.
- Scottish Widows accepts that the letters sent out in 2024 and 2025, when they said changes were needed to the premium or sum assured, were incorrect. They explained to our service that there is a flag on the policy which is designed to prevent incorrect information being sent out – but they couldn't explain why the incorrect letters had been sent, as the flag was applied to the policy at the time.
- I had explained to Scottish Widows that I was concerned about the fact the flag wasn't working as it should, and this could lead to more incorrect information being

sent to Mr P, or the other trustees. I had also said to them that as reviews hadn't been carried out for 16 years, I was concerned about whether they could fairly review the policy in future.

- As a result, Scottish Widows offered to cease ongoing reviews and maintain the premium at £135.55 for the sum assured of £27,000 for the rest of Mr P's life. This means that provided the premiums are maintained, the policy is going to have a guaranteed sum assured going forward, rather than a reviewable one.

Mr P has confirmed that he would be happy to accept this offer, with the only caveat being that he'd like Scottish Widows to confirm the sum assured is guaranteed in writing. To provide finality, and peace of mind, I am formalising this outcome in a final 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.

As it's agreed that Scottish Widows hasn't acted reasonably, the only question I need to consider is how they should put things right. Having considered the offer made, I'm satisfied it's a fair one, for the following reasons:

- The compensation of £1,000 is a fair recognition of the repeated incorrect information given to Mr P over a long period of time, and the time it took to answer his questions and give him correct answers. I won't repeat all the failings here for simplicity and because they aren't in dispute.
- I can see that the total amount has been paid already, so there's nothing further to Scottish Widows to pay to make up for the distress and inconvenience caused.
- The offer to not review the policy going forward is fair in the circumstances of this case, particularly against the background of the incorrect information given to Mr P. I'm glad to see that Scottish Widows has apologised and recognised the difficulties caused.
- I consider Mr P's request for a letter from Scottish Widows confirming the sum assured and premium won't be reviewed, is a reasonable one. Scottish Widows should send that letter within four weeks of being told Mr P accepts this decision.

My final decision

I uphold this complaint. Scottish Widows Limited should cease ongoing premium reviews and maintain the premium at £135.55 for the sum assured of £27,000 for the rest of Mr P's life. Upon notification that Mr P and the other trustees of the P Trust accept this decision, Scottish Widows Limited should write to Mr P within four weeks to confirm this change to the policy terms.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P, Mr P2 and Mr P3 to accept or reject my decision before 7 January 2026.

Katie Haywood
Ombudsman