

The complaint

The trustees of the G Trust complain about the way Zurich Assurance Ltd has managed their reviewable whole of life policy. They complain specifically about the 2024 review and the changes they've been asked to make to the policy.

What happened

The policy was taken out by Mr G in 1984 – at the time the policy provided life cover worth £90,000 for a monthly premium of £20.16. The policy was taken out for family protection.

As the policy was reviewable, Zurich carried out reviews on a regular basis to ensure the premiums and underlying fund could continue to meet the costs of cover for life. Where the reviews concluded that there would be a shortfall, Zurich would require changes to the sum assured or the premium. This is what happened in 2024. Zurich said the premium needed to increase from £28.51 to £99.24 to maintain the same sum assured, or the sum assured needed to reduce from £131,066 to £107,489 in order to keep the same premium.

As a result of the changes required at this review, the trustees complained to Zurich. They queried the significant changes that were required and said Zurich hadn't provided any explanations to them about why.

One of our investigators looked into the complaint, but didn't think it should be upheld. In summary, he concluded that while Zurich should've provided more information to the trustees at key times, and specifically in 2018, it wouldn't have made any difference. He said that Zurich was reviewing the policy for life and the increase to the premiums was caused by the increase in life cover costs, not the way the policy was managed.

The trustees didn't agree. They said they felt there was age discrimination – they asked what proportion of the increase in premium was due to the underlying fund's performance and what proportion was caused by the life assured's age? They said that since the policy had been taken out mortality rates had improved, so the premium should've been reduced not increased.

As an agreement couldn't be reached, the case was passed to me to decide.

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.

I'm sorry to disappoint the trustees, but I don't have much to add to what the investigator has said.

The investigator provided two assessments setting out the relevant standards clearly as well as the review information which Zurich provided at regular intervals. I agree in the main with the investigator's conclusions – so I won't repeat them here, since neither party has commented on them.

The key issue in this case is that the changes the trustees were required to make to the policy at the 2024 review were not due to mistakes Zurich made or the way the policy was administered. They were due to changes in Zurich's assumptions about the future, their experience of claims (in other words, how much overall they had paid out) and the costs of life cover.

On this point, although I note the trustees call it age discrimination, this isn't an accurate term here. I've seen insufficient evidence that Zurich's life cover charges were anything other than it putting a price on the risk it was taking by providing the life cover. It was entitled to put a price on that risk, and that process was carried out by professionals, themselves regulated, following a typical industry process. It isn't my role to question Zurich's legitimate commercial practices, or the prices it decided to put on the risks it was taking when providing life cover to clients. And, as is common with these types of policies, that risk does increase with age, since the likelihood of a payout on the policy increases as the life assured gets older.

I also agree with the investigator that even if Zurich should've provided more information at previous key policy events, it's unlikely the trustees would've done anything differently. I say this because I'm satisfied the evidence on file shows that this is a policy the trustees wanted to keep in place – even if the need for it changed over time.

And Zurich was already reviewing the policy for life – in other words, when looking at the various aspects of the policy as part of the regular reviews, it was trying to ensure that it set the premiums at the right level to ensure the policy's sum assured could be sustained for life.

This is important, because part of the reason for why communications about these types of policies needed to be comprehensive and complete is so that policyholders could decide for themselves what changes to make to the policy in order to ensure it lasted them for life – but Zurich was already doing that in this case, so there's nothing else the trustees could've done to make the policy more sustainable.

I'm not considering the sale of the policy here, so I make no findings about that. However, I thought it was important to also highlight that the policy has provided the trustees with the protection they wanted for a very significant period of time.

Although they now claim they would not have taken out the policy had they known about the magnitude of changes that might be required later on in life, my view is that this assessment is based on them having the benefit of knowing that no claim has been made since the policy was incepted. At the time, the possibility of the policy providing the protection they needed for a lower premium than most (if not all) comparable alternatives would've carried significant weight.

For all these reasons, although I understand why the trustees have raised this complaint and why they were so unhappy following the 2024 review, I'm not persuaded this complaint should be upheld.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G, Ms G, Ms G and Ms G as trustees of the G Trust to accept or reject my decision before 27 February 2026.

Alessandro Pulzone
Ombudsman