

The complaint

Mr L complains about the way Phoenix Life Limited (trading as SunLife) has administered his whole of life policy. He is unhappy the sum assured of the policy hadn't increased as much as he expected considering the premiums paid and there is no surrender value.

What happened

In March 2011, Mr L took out a Nationwide over 55 Life cover plan, a type of whole of life policy. Another firm sold the policy to Mr L, but Sun Life were the policy providers. The policy was set up to provide life cover, after two years of £2,700. After this the cover increased by £135 a year until you die. There was an accidental death benefit which would pay out four times the sum assured. The premiums started at £20 per month, and then each year afterwards the premium increased by £1 per month.

The premiums were paid until July 2024 when the direct debit was cancelled, and this led to there being arrears on the policy.

In September 2024, Sun Life wrote to Mr L to say his policy had lapsed due to non-payment of premiums – meaning the plan was cancelled and he would no longer receive the agreed benefits associated with this policy (which at the time was a guaranteed fixed cash sum of £4,455 payable on death).

Mr L contacted Sun Life in November 2024 to raise concerns about the policy. Sun Life failed to deal with his concerns fully, so he chased a response in March 2025.

Sun Life responded to the complaint. It said, shortly after setting up the policy, Mr L was provided with documentation explaining its features – including the risk that you could pay more in than you would get back.

Although the policy had lapsed, Sun Life agreed to reinstate it if Mr L paid the outstanding premiums from July 2024 to April 2025 which amounted to £333.00 within 30 days. It accepted it hadn't dealt with Mr L's initial concerns about the policy in November 2024 as well as it could have. It paid him compensation of £150 as a way of apology for this.

Mr L remained unhappy, so referred his complaint to this service for an independent review.

One of our investigators looked into the complaint. In summary he said:

- Sun Life had a responsibility to provide clear and not misleading information about how the policy worked. The policy schedule that was sent in 2011 outlined the initial premium and level of cover. It also said that the premiums would increase by £1 a year and the cover would increase by £135 each year.
- After 13 years, the policy premiums had increased to £33 and the cover to £4,455. These increases are consistent with what was outlined in the policy schedule and the terms and conditions Mr L received at the start of the policy.
- Both the policy schedule and the terms and conditions explained that the cover would pay out if the policy holder was to die, and you wouldn't get any money back if you

- cancel. So, it was explained clearly that the policy did not have a surrender value.
- The £150 that was paid to Mr L for not dealing with the initial concerns about the policy was a reasonable amount to compensate for the impact of this.

Mr L responded to a request an ombudsman reaches a decision on his complaint.

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.

At the heart of Mr L's complaint is his disappointment with the amount the policy would pay out after all of the premiums he's paid. He feels that the cover should be higher when considering the amount of he's paid in – so he doesn't feel that he is getting enough cover.

Sun Life didn't sell the policy to him, it was another firm that did this, and it is this firm who is responsible for any concerns Mr L may have about how it was sold to him. But Sun Life is responsible for providing the policy and administering it since it was taken out.

As explained by the investigator, the original policy schedule and policy documentation do set out the initial premium and level of cover. They also set out how these would increase each year. I note Mr L has been sent premium update notices each year. But I acknowledge his disappointment when he found out that the life cover hadn't gone up as much as he expected it would when he received the lapse notice.

Having reviewed the available evidence, I'm satisfied the policy has been administered in line with the policy terms. The premiums increased yearly by £1, and the cover increased by £135 per year. So, at the time the policy lapsed the cover was up to £4,455 for a £33 monthly premium. This is how the policy was designed to work.

I also haven't seen that Mr L was ever told by Sun Life there would be a surrender value built up if the policy was cancelled. It is clear in the policy documents that the policy doesn't build up a value, and it only pays out on death.

I appreciate that Mr L is disappointed with the level of cover he is getting for the money he's paid in. But I haven't found this was because of mistakes made by Sun Life when administering the policy, or that it has incorrectly stated the amount of cover available on the policy.

When the premiums stopped being paid, Sun Life did tell Mr L that the cover would end if the backdated premiums weren't met, and eventually it did notify him of the lapse. It did offer to reinstate the policy during the complaint process, if Mr L paid the missing premiums. It's unclear if he decided to do this. But I'm satisfied Sun Life were treating him fairly when it provided Mr L with the opportunity to reinstate the policy.

I note Sun Life have paid Mr L some compensation (£150) for not handling his initial concerns in a timely manner. This did cause him frustration and hassle as he had to chase things up and find out what was going on. So, I find this offer fair in the circumstances.

I appreciate this will come as a disappointment to Mr L, but I haven't found Sun Life needs to do anything further.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 October 2025.

Daniel Little
Ombudsman