

The complaint

Mr D complains that Family Assurance Friendly Society Limited, trading as OneFamily, treated him unfairly when it cancelled his Life Cover Policy.

What happened

The background to this complaint is well known to all parties so I'll just give a broad overview here.

In 2016, Mr D took out a whole of life insurance policy with OneFamily that provided him with life and critical illness cover.

On 2 May 2024, Mr D telephoned OneFamily to change his address details and to arrange to suspend premium payments on the policy for three months, including the premium that had been due on 1 May 2024.

OneFamily agreed to this and, in response to a request from Mr D, sent him a letter to his new address on 3 May 2024 to confirm the details.

This letter confirmed that the direct debit instruction had been suspended. And it also told Mr D that it would not send any further arrears letters to remind him payments had been missed.

OneFamily also told him that if it didn't receive a payment within ninety days of the first missed premium his policy would lapse. And, as the policy had no cash in value, it couldn't refund any premiums or reinstate the policy. It confirmed that payments would need to have been set up by 30 July 2024 to avoid the policy being cancelled.

On 31 July 2024 sent Mr D a letter telling him his policy had been cancelled as it hadn't received the missing payments or heard from Mr D.

In response to this letter Mr D telephoned OneFamily on 5 August 2024.

He asked if the policy could be reinstated and for OneFamily to send him copies of all reminders that he'd been sent relating to the missed premiums.

OneFamily told Mr D that it had sent the letter on 3 May 2024 following his telephone call of 2 May 2024. And it also told Mr D it would have sent him a letter each time a premium payment had been missed.

Mr D told OneFamily he'd been busy with family issues and had recently moved house but felt he would have noticed and responded to the reminders OneFamily said it had sent him.

Mr D also queried why letters rather than emails had been sent and OneFamily replied by telling him it didn't send emails on this type of policy due to the customer profile and their likely preference for letters rather than emails.

On 7 August 2024, OneFamily wrote to Mr D to say his request to reinstate his policy had been refused and the policy would remain cancelled.

In response, Mr D telephoned OneFamily on 9 August 2024. He wanted to know when he would get the copy letters OneFamily had told him it would send him on his call of 5 August 2024 and, again, queried why it didn't send emails.

He told OneFamily he intended to complain as he didn't think OneFamily had communicated with him effectively in the lead up to the policy cancellation and it should allow the policy to be reinstated.

On 12 August 2024, OneFamily sent Mr D its response to his complaint. It said Mr D should not have been told on his call of 5 August 2024 that OneFamily would have sent him a reminder letter after each missed payments and it should have confirmed with him the details of the letter it sent him on 3 May 2024.

OneFamily also said it used letters rather than emails when communicating with its customers across all its product range. And Mr D should not have been told on the 5 August 2024 call this was restricted to customers of its over 50's life policies. OneFamily enclosed copies of correspondence it had sent him in the period leading up to the policy cancellation in response to the request he'd made on his recent telephone calls.

In summary, OneFamily apologised to Mr D for the incorrect information he was given following the cancellation of the policy but didn't think it had done anything wrong by cancelling and not reinstating the policy itself.

Mr D wasn't satisfied with this response so brought his complaint to this Service.

He said when he arranged to suspend his premium payments OneFamily assured him he would receive monthly reminders which he didn't receive.

Mr D also said he'd been given contradictory information when he called to query the policy cancellation and that he didn't think he'd received the letter he was sent on 3 May 2024. He thought that because of what he felt was OneFamily's poor communication he should be given a full refund of premiums.

Our Investigator reviewed all the evidence and didn't think OneFamily had done anything wrong.

He thought OneFamily had been very clear during the telephone call of 2 May 2024 that monthly reminders wouldn't be sent, and this was clarified in the letter it sent Mr D on 3 May 2024.

He also agreed that OneFamily had given incorrect information to Mr D when he queried the cancellation but, as this was given after the cancellation of the policy, he still thought OneFamily hadn't done anything wrong when it cancelled the policy itself. And as he didn't think any mistake had been made, he thought OneFamily were within its rights not to reinstate the policy.

Mr D was unhappy with this opinion and so the complaint has been brought to me for 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.

I've first considered if OneFamily was within its rights to cancel the policy and from the evidence I've seen I think it was.

Section 3 (i) of the policy Terms and Conditions that have been provided says:

"...If any Premium is not paid by the Collection Date we will allow a 60 day Grace Period, in each case, for payment of the outstanding Premium. If any outstanding premium has not been received by the end of the Grace Period the Policy will lapse and all Benefits provided shall cease to be payable"

In this complaint, Mr D missed his first premium collection date on 1 May 2024, and this premium hadn't been made by 30 July 2024 when OneFamily cancelled the policy. So, OneFamily had given Mr D sufficient time, under the terms policy, to make the missing premium payment before it cancelled the policy.

I've next considered if OneFamily gave a clear explanation to Mr D about the implications of missing premium payments, including what he needed to do ensure the policy remained in force and by when. And having considered all the evidence available I think it did.

I've listened carefully to the telephone call Mr D had with OneFamily on 2 May 2024.

In this call Mr D was told that a premium payment holiday wouldn't be allowed but OneFamily could suspend the direct debit payments so that no further premium payments would be taken until Mr D contacted it.

OneFamily told Mr D that the onus would be on him to tell it when he wanted the premium payments to continue which would include payment of missing premiums. It said it wouldn't be sending Mr D any reminders. And it warned Mr D that if he missed three premium payments then the policy would be cancelled, and it might not be reinstated.

Mr D confirmed on the call he was happy with this arrangement and asked it to be clarified in writing as soon as possible.

OneFamily wrote to Mr D on 3 May 2024 following this call and confirmed what had been agreed.

The letter stated that reminder letters wouldn't be sent to Mr D and that the policy would be cancelled if premium payments hadn't been set up by Mr D by 30 July 2024. OneFamily also explained that if the policy were to be cancelled it wouldn't be able to reinstate the policy or refund any premiums.

So, from this evidence, I think OneFamily were clear in its communication with Mr D what the status of his policy was and that it would be cancelled if Mr D didn't contact it before 30 July 2024.

Mr D has said he has doubts OneFamily sent him the letter of 3 May 2024. But OneFamily have provided a copy of the letter, and I have no reason to think, or seen any other evidence, that it hadn't been sent. And I'm also minded that the contents of the letter confirmed what had already been discussed and agreed with Mr D on the telephone call of 2 May 2024.

From listening to telephone calls Mr D made to OneFamily through this period I'm aware that he was experiencing a busy time and was having to deal with family issues. And it was clear from these calls that Mr D wanted to maintain the policy. So, I can appreciate why he wanted to be reminded of the agreement he made with OneFamily on 2 May 2024.

But although the reminder letters would have been helpful for Mr D they aren't something OneFamily were obliged to send. And, it had made Mr D aware that they wouldn't be and the onus was on him to contact it before 30 July 2024.

I do think OneFamily were at fault when it told Mr D that it would have sent reminder letters after each missed premium payment when he called to query the cancellation of the policy on 5 August 2024. And it was also at fault when it incorrectly explained why letters, rather than emails, were sent to customers holding this particular type of policy. I can understand why this would have frustrated and confused Mr D.

But I'm pleased to see OneFamily acknowledged, apologised and corrected this misinformation on 12 August 2024 when it wrote in response to Mr D's complaint. I think, because of this quick acknowledgement, an explanation and apology is a reasonable resolution to Mr D's concerns with these errors. I'm also minded that this misinformation was given to Mr D after the policy had been cancelled and so didn't affect the cancellation of the policy itself.

Mr D has said because he doesn't think he was sufficiently warned of the cancellation of the policy and OneFamily's refusal to reinstate it he should receive a refund of his premiums.

But as I don't think OneFamily have done anything wrong in this complaint I can't reasonably ask it to do that. And I've also seen nothing to suggest OneFamily wouldn't have considered any claim made against the policy up until it was cancelled on 30 July 2024.

In summary, while I understand Mr D was experiencing a busy time and having to deal with family issues, I don't think OneFamily did anything wrong when it cancelled Mr D's policy. It made Mr D aware of what he would need to do to avoid the cancellation and by when. And it was clear that it wouldn't be sending him reminders and that the onus was on him to contact it before the 30 July 2024 deadline. It was under no obligation to send any reminders and was within its rights under the terms and conditions of the policy to cancel it because of the missed premium payments. And similarly, it wasn't obliged to reinstate the policy once it had been cancelled.

My final decision

For the reasons stated above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 22 October 2025.

Ben Castell
Ombudsman