

The complaint

Mr P complains that Liverpool Victoria Financial Services Limited (LV) didn't tell him it had cancelled his life insurance policy.

What happened

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

In July 2023, Mr P applied for a Relevant Life Cover policy through his Independent Financial Advisor (IFA). A condition of the policy was that a Trust Form be put in place but, as the IFA had introduced the policy to LV, the cover was allowed to be set up immediately, with the requirement that the Trust Form must be set up within six months.

The IFA sent the Trust Form to LV on 17 August 2023, but LV returned it as it hadn't been correctly completed. LV also reminded the IFA that the correct Trust Form had to be returned within six months of the policy start date. And, if it wasn't, it would cancel the policy with no return of premiums paid to that date.

LV didn't receive a response so sent the IFA a reminder on 3 January 2024. This reminder also told the IFA exactly what it would need and restated that the deadline for completion was 1 February 2024.

On 2 February 2024, LV contacted the IFA who responded the same day. The IFA said it thought it had already sent the Trust Form and asked for an extended deadline to resolve the matter.

LV agreed to an extension to 16 February 2024 and, when it hadn't received the Trust Form, a further extension to 4 March 2024.

Despite the instructions and reminders, the Trust Form wasn't received by LV who then cancelled the policy on 1 June 2024.

On 17 March 2025, Mr P contacted LV as he'd noticed that direct debit payments to cover the monthly premium hadn't been taken from his bank account since 1 May 2024. Mr P wanted to know if he still had life cover and understand why premiums hadn't been taken and was told his policy had been cancelled on 1 June 2024.

Mr P made a formal complaint as he was unhappy LV hadn't informed him directly that the policy was cancelled in June 2024. And he wanted a refund of the premiums he'd paid up until the point the policy was cancelled.

LV explained the series of events which led to the cancellation of his policy and said that, although it was sorry Mr P wasn't aware the policy had been cancelled, Mr P's IFA should have informed him. It also said it wouldn't refund the premiums Mr P had paid as it would have considered any claim against the policy whilst the policy was active.

Mr P wasn't satisfied with this response so brought the complaint to this Service.

Our Investigator asked LV for its evidence on this complaint and as part of its response LV accepted it hadn't notified either Mr P or the IFA after the policy had been cancelled. It said that while it felt the IFA would have been fully aware it acknowledged it would have been helpful for Mr P to have been told directly.

LV offered £200 for the trouble and upset caused to Mr P by not telling him directly that the policy had been cancelled.

Our Investigator thought LV were within its rights to cancel the policy but had made an error by not informing Mr P directly of the cancellation. And he thought the offer of £200 compensation was fair. He also didn't think LV should repay any of the premiums as it would have considered any claim made whilst premiums were being paid.

Mr P wasn't happy with this response 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 LV were within its rights to cancel Mr P's policy and having reviewed the evidence available, I'm satisfied that it was.

LV appear to have requested the necessary information for the policy to remain in place on several occasions and were very clear that the policy would be cancelled if the necessary information wasn't provided.

Because the IFA used by Mr P failed to provide the necessary information and only appear to have contacted LV on one occasion to discuss it, I think LV was within its rights to cancel the policy.

I've seen evidence that Mr P's IFA has acknowledged its errors in the events which led to the policy being cancelled to Mr P separately, and the matter has been resolved to Mr P's satisfaction.

But, while I don't think LV did anything wrong in cancelling Mr P's policy, I do think it made errors by not telling either Mr P, or Mr P's IFA, that it had cancelled the policy in June 2024.

LV have said it considered the IFA to have been fully aware of the cancellation given the number of warning emails it had sent. LV does, however, acknowledge that it would have been helpful for it to have made Mr P aware directly.

LV offered Mr P £200 for the trouble and upset caused for not making him directly aware that it had cancelled his policy but didn't think it had made any errors when it cancelled the policy.

Mr P wasn't happy with this acknowledgement. He thinks it was fundamentally wrong that he wasn't told by LV that the policy was cancelled. And he thinks LV should acknowledge that it made an error, apologise for the error, commit to not repeating this error with other customers and provide compensation. Mr P has also asked for a return of the premiums he'd made when the policy was active.

From the evidence I've seen, it appears LV relied on the IFA to fully inform Mr P the status of his policy. I can understand this as the IFA was the primary contact LV had with all matters relating to Mr P's policy. And LV might not have wanted to interfere with the client / business relationship that will have existed between Mr P and his IFA.

So, I don't think LV did anything wrong by not communicating directly with Mr P up to the date the policy was cancelled – but I do think it should have informed him when the policy had been cancelled.

Although Mr P took out his policy through an IFA, he was a customer of LV and so I think LV had a responsibility to treat Mr P fairly.

Financial Conduct Authority regulations require businesses to be open, transparent, pay due regard to customers information needs and communicate in ways which are clear, fair and not mis-leading. And I think these regulations broadly cover LV's responsibility to inform Mr P his policy had been cancelled as I think this constitutes an obvious information need.

The cancellation of the policy left Mr P without a level of life cover and LV should have ensured he was aware of this. This is especially true given LV didn't notify Mr P's IFA who therefore wouldn't have been able to confirm the cancellation date to Mr P.

I'm pleased to see LV have offered Mr P £200 for the trouble and upset caused and I think this is fair.

The guidance at this Service describes the level of £200 compensation as fair if it represents a business making, 'repeated small errors or a larger single mistake, requiring a reasonable effort to sort out'. And I think the error made by LV and the action Mr P had to take to resolve it broadly fits this definition.

I'm glad to see acknowledgement by LV of its error and I hope that it sees this complaint as an opportunity to review this part of its approach to policy cancellations.

Mr P has asked for a return of the premiums he paid when the policy was active. LV didn't agree to this as it says it would have considered any claim made during the active period. As I've no reason or evidence to say that wouldn't have been the case, I don't think it would be reasonable for me to ask LV to return the premiums.

Finally, Mr P has asked LV to commit to not making the same error again. But my role in this complaint is limited only to deciding whether LV acted reasonably when it didn't inform Mr P it had cancelled his policy. And I've explained above that I don't think it did and should pay Mr P £200

My final decision

For the reasons stated above I uphold this complaint.
Liverpool Victoria Financial Services Limited should pay Mr P £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 October 2025.

Ben Castell
Ombudsman