

The complaint

Mr W complains about how ReAssure Limited have administered a whole of life policy he holds with them. He's unhappy with the outcome of a policy review and thinks the proposed changes are disproportionate.

What happened

Mr W has held the reviewable whole of life (RWOL) policy for over 30 years. His wife is the life assured, and the policy initially provided £88,800 of cover for a monthly premium of £20. It was subject to indexation and policy reviews were due after the first ten years and then every five years thereafter.

The policy passed all the reviews until the 2021 review. At the time, the sum assured had increased to £148,701 due to indexation, but the premiums hadn't changed from the original £20. The outcome of the review was that in order to maintain the sum assured, premiums needed to increase to £118.29 per month. If the premiums weren't increased, then the sum assured would fall to £34,746.

Mr W complained to ReAssure about the outcome of the review and other concerns he had which were related to the transfer of the policy from the firm (B1) he'd originally bought it from to ReAssure. His concerns were investigated, but the complaint wasn't upheld. This was because ReAssure believed, in summary, that they'd administered the policy correctly. They also explained that they didn't think Mr W had been disadvantaged when they took over the book of business from B1.

Mr W didn't accept their findings and asked for our help. The complaint was considered by one of our investigators who thought it should be upheld. The investigator thought that ReAssure's communications to Mr W hadn't been good enough, but if they had been, then it's likely he would've surrendered the policy in 2011.

ReAssure didn't accept the investigator's findings. Mr W noted the investigator's findings but disputed her classification of ReAssure's communications. In his opinion, they weren't just insufficient, they were contradictory and misleading which was a much more serious matter. He also subsequently noted that it was difficult for him to know exactly what he would have done in 2011 if he'd been put in an informed position about changes the policy might require in the future.

As there was no agreement, the complaint was passed to me to decide. I recently issued a provisional decision upholding the decision and I've summarised the key points below:

- I thought that up until the 2021 review there was an imbalance of knowledge between ReAssure and Mr W. This meant that he wasn't able to make a fully informed decision about the policy.
- I considered what Mr W would've done if he had been provided with sufficient information at the appropriate time. Based on the balance of probabilities, I thought it was more likely than not that he would have surrendered the policy in July 2012 if

he'd been put in an informed position about what the future might hold for the policy.

- I thought that in order to put things right, ReAssure needed to pay Mr W the July 2012 surrender value and refund all the premiums he's paid since then, plus 8% per year simple interest.

Responses to my provisional decision

Mr W responded and said he was minded to accept my provisional decision. But he asked me to consider the amount of time he'd spent on the complaint and the uncertainty and upset the situation had caused him.

ReAssure responded and said they disagreed with one aspect of my proposed redress – the refund of premiums from 2012. In summary, they didn't agree with my assumption that Mr W wouldn't have taken out alternative cover. They pointed to correspondence where he'd said that he *"would definitely have considered cancelling the policy prior to the transfer in order to take out a competing policy."*

They thought this clearly indicated an intention to seek alternative cover, even if that meant adjusting the level of cover to suit his budget. They acknowledged that the cost of a comparable non-reviewable policy may have been higher. But they thought that wouldn't have stopped Mr W from taking out a policy with a lower sum assured in line with his financial circumstances.

They didn't agree that just because he didn't increase his premiums in 2021 necessarily meant that would have opted out of cover entirely in 2012. Instead, it was equally plausible that he would have sought a more affordable alternative rather than not have any protection. Therefore, they thought the redress should reflect the likelihood that Mr W would have continued to pay similar premiums for alternative cover, albeit potentially with a reduced benefit.

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.

Having reconsidered all the available evidence and arguments, I'm not minded to depart and from my provisional findings and I will now explain why.

I fully appreciate the points Mr W has put forward about the time he's spent on this complaint and the upset it's caused. It's important to note that he referred his complaint to this service in 2021 after ReAssure issued their final response. Since that time, he's been waiting for us to provide an answer to his complaint, and he's spent a lot of time corresponding with us. It doesn't seem fair to ask ReAssure to pay further compensation for the time he's subsequently spent on his complaint due to our delays, so I won't be making a further award on that basis.

I also think that an error by a firm doesn't automatically create an entitlement to compensation and dealing with a complaint will undoubtedly cause a degree of inconvenience. So, while I fully accept that Mr W has been caused a degree of upset, I'm satisfied that the redress I've proposed is fair compensation in the circumstances and I don't think an award for distress and inconvenience is necessary here.

I've then considered the points ReAssure have raised relating to why they think Mr W shouldn't receive a refund of premiums. As I've noted in my provisional decision, this is quite

a finely balanced point. Mr W was used to paying £20 for a sum assured of £148,701. I think the wording he used – *a competing policy* – is important here.

In my view, it's more likely than not that Mr W would've been unable to find a "*competing policy*" to meet his needs at the time. Whilst it's possible that he may have accepted a significantly lower level of cover elsewhere for similar premiums (for example by taking out a different kind of policy), I'm not persuaded it would be fair in this case to assume that's what he would've done given the absence of evidence of what alternatives would've been realistically available to him.

Furthermore, I've also considered the fact that Mr W's options now are much more limited than they would've been in 2011, through no fault of his own and whatever policy he now decides to take going forward will provide very limited benefits to him – whereas had he taken alternative cover out in 2011 it would still be in place for him now.

Taking all this into account, I'm not persuaded it would be fair and reasonable for Mr W to bear the costs of a policy he would've likely surrendered. I still remain of the opinion that ReAssure Limited need to put things right as I've set out below.

Putting things right

I think fair redress would be for ReAssure to pay Mr W the July 2012 surrender value, plus 8% per year simple interest from that time until the date of settlement.

They should also refund all the premiums he's paid since July 2012 plus 8% simple interest from the date the payment was made until the date of settlement.

My final decision

For the reasons I've given above and in my provisional decision, I uphold this complaint. ReAssure Limited should put things right as I've set out above.

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

Marc Purnell
Ombudsman