

The complaint

Mr T complains about the way Zurich Assurance Ltd administered his reviewable whole of life policy. He complains the policy has changed from what he originally thought he had bought and he is unhappy with the changes Zurich required at the last review.

What happened

Mr T took out the reviewable whole of life policy in 1983 for an initial sum assured of £36,000 – rising to £55,000 in 2009 and falling to £42,314 after the unfavourable 2023 review. In 2024 the life cover was increased to £43,271. Mr T's annual premiums have gone from around £571 when the policy was taken out, to £680 in 2024.

After the 2023 review, Mr T complained. In summary, he didn't think the changes Zurich was requiring were reasonable and he didn't think it was fair that he had no option to increase his premium in order to maintain the same sum assured. Zurich looked into his complaint but didn't think it had done anything wrong – it explained the reason for the review and why changes were required and explained that Mr T's premium had already been increased to the maximum possible given that his policy was a qualifying policy subject to specific rules about how much he could increase the premium by. This meant that there was no option to increase his premium and so the sum assured had to reduce. Mr T remained unhappy and referred his complaint to this service.

One of our investigators looked into the complaint. He didn't think Zurich had done anything wrong. In summary, he thought that the changes required at the 2023 review couldn't have been anticipated and were due to external factors influencing ongoing assumptions which were outside Zurich's control. Earlier reviews wouldn't have anticipated this. The investigator also accepted Zurich's explanation about why Mr T couldn't increase his premium in order to maintain the sum assured at the same level. He agreed there had been some inconvenience due to the administrative issues that required manual calculations on Mr T's policy, but thought that the compensation Mr T had been offered was fair and reasonable. So the investigator didn't recommend Zurich do anything to put things right.

Mr T didn't agree with the investigator. He said that the investigator concluded that Zurich had administered the policy correctly, but it had already admitted to historic problems in the past. He said that Zurich had never shown why it had been necessary to reduce the life cover by around £13,000 – if it had been only a few thousand pounds, he would not have queried it in the same way.

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 Mr T, but I don't have much to add to the investigator's assessment. The key issue in dispute in this case is the outcome of the 2023 review, which required Mr T

to reduce the life cover. In terms of the possibility of the life cover being reduced, this was set out in the original terms and conditions of the policy.

So although I appreciate Mr T didn't anticipate such a significant change, I'm not persuaded this change fundamentally altered what Mr T thought he had as a product. I'm persuaded he was aware this was a reviewable whole of life policy, which meant changes were possible during the life of the product. Both the investigator and Zurich have explained in detail what caused the significant change in the amount of life cover Mr T's existing premium could pay for as well as the specific reasons why Mr T isn't able to increase his premium by much more than he is currently paying. I acknowledge Mr T doesn't agree with those explanations, but there's nothing I can add to what he has already been told. I note that he had already previously raised the issue of being unable to increase his contributions in 2009 – when Zurich explained the reasons why that wasn't possible on his policy.

The terms give an explanation of how Zurich would carry out reviews over time, and in my experience changing assumptions, as well as expectations not met (such as investment growth) and the age of the policyholder all play a part in the costs of life cover being higher than anticipated. Furthermore, although I understand why Mr T considered he might've been able to mitigate this impact in earlier years, I consider that this is largely based on the benefit of hindsight. The main thing Mr T could've done in earlier years is pay a higher premium – but he had already been paying close to the maximum allowable for his policy since 2004. I'm not persuaded any other change to the policy prior to 2023 would've been acceptable to him, because it is precisely the reduction in the life cover that has prompted his complaint – and I'm not persuaded he would've surrendered his policy sooner given the ongoing need for it.

I accept that Mr T has suffered some inconvenience due to a historical issue requiring Zurich to manually carry out calculations in advance of each review – but I'm satisfied he has already received compensation for that in the form of £200 compensation and the write off of £209 underpayment. I'm satisfied that's fair and reasonable given the circumstances of Mr T's complaint.

My final decision

My final decision is that I don't uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 March 2026.

Alessandro Pulzone
Ombudsman