

The complaint

Mr and Mrs G complain, through their representative Mrs A, about a reviewable whole of life (RWOL) policy they hold with ReAssure Limited. They're unhappy with the outcome of a policy review in 2023 which meant they had to make significant changes to the premiums they were paying in order to maintain the policy's sum assured.

What happened

Mr and Mrs G have held the policy since 1991, and it has been reviewed regularly over the years. In 2023 ReAssure wrote to Mr and Mrs G to explain that the policy had failed the latest review. If they wanted to maintain the policy's sum assured of £19,812, they needed to increase their monthly premiums from £58.92 to £117.07. Alternatively, if the premiums weren't increased then the sum assured would fall to £15,779.

Mr and Mrs G complained to ReAssure about the outcome of the review, but their complaint wasn't upheld. As Mr and Mrs G remained unhappy, they asked us to look into the matter. The complaint was considered by one of our investigators who thought it should be upheld.

He believed ReAssure hadn't provided Mr and Mrs G with sufficient information to make an informed decision about the policy. And if they had done, then it was likely that Mr and Mrs G would have surrendered the policy in 2010. In order to put things right, he thought that ReAssure should pay Mr and Mrs G the policy's surrender value from 2010 and also refund all the premiums they'd paid since that time plus interest.

ReAssure partially accepted the investigator's findings. They agreed that Mr and Mrs G would likely have surrendered the policy in 2010 but thought that they would have sought alternative cover. Therefore, they didn't agree that the premiums should be refunded as Mr and Mrs G would have been using them to pay for another policy.

The investigator wasn't persuaded to change his opinion. He thought that Mr and Mrs G wouldn't have found a policy that offered a similar level of cover for the premiums they were prepared to pay. Therefore, he remained of the opinion that the premiums they paid towards the policy should also be refunded.

ReAssure didn't agree with the investigator so the complaint has been 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.

Having done so, I think this complaint should be upheld and I will now explain why. I've set out below what I consider to be the relevant standards I've taken into account when making my decision:

- The FCA's Principles for Businesses, in particular Principle 6 and Principle 7;

- The FCA's Conduct of Business Sourcebook (COBS), in particular COBS 2.1.1R(1) and COBS 4.2.1R(1)
- The FCA's Final guidance on the "Fair treatment of long-standing customers in the life insurance sector" (FG16/8).

ReAssure have accepted that they didn't provide Mr and Mrs G with sufficient information about the policy and agree that they would've surrendered it if they'd been put in an informed position about what the future held. Therefore, it isn't in dispute that ReAssure should pay Mr and Mrs G the surrender value of the policy from when this information ought to have been provided. In the specific circumstances of this case, this point is the policy's 2010 anniversary date.

The point of dispute is whether or not Mr and Mrs G are also due a refund of premiums. ReAssure have said that Mr and Mrs G would likely have taken out a policy elsewhere and spent a similar amount paying for premiums on that policy. Therefore, they haven't been deprived of the funds they'd paid for the premiums on their ReAssure policy.

I appreciate the point ReAssure have made so I've carefully considered Mr and Mrs G's circumstances in 2010. At the time, they were around 68 and 64, so the costs of a comparable, non-reviewable policy would have been significantly higher than their ReAssure policy. It's important to note that Mr and Mrs G haven't accepted any increase to their premiums since 2006 and instead opted to reduce their sum assured at the failed 2011 and 2012 reviews. I think this indicates that they didn't want to spend too much to provide the level of cover they were receiving.

So, taking this account, and while I appreciate this point is finely balanced, it doesn't seem likely that they would have paid the same level of premium for a policy that would provide less cover than they were used to. The original purpose of the policy, to provide a lump sum for the surviving partner, still remained. In my opinion, it seems more likely that they would have taken the surrender value of c.£6,000 and saved the premiums of c.£600 p/a they were paying in order to build up a lump sum that could then be taken by the surviving partner.

Therefore, I think this complaint should be upheld and I've set out how things should be put right below.

Putting things right

- Calculate the value of the premiums Mr and Mrs G have paid since July 2010 to date plus 8% simple interest per year from the date each premium was paid to the date of surrender.
- Calculate the surrender value they'd have received in July 2010 plus 8% simple interest per year from that date to the date of surrender.
- Add both these figures together and deduct the surrender value and any refunded premiums already paid to Mr and Mrs G from this total sum. Then add 8% per year simple interest on the difference, from the date of surrender until the date of settlement and pay this sum to Mr and Mrs G.

My final decision

For the reasons I've given above, 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 Mrs G and Mr G to accept or reject my decision before 23 October 2025.

Marc Purnell
Ombudsman