

The complaint

Mr O complains that Aviva Life & Pensions UK Limited ('Aviva') continued to take monthly premiums for his term assurance policy when he repaid the mortgage associated with it. Mr O would like the policy premiums he has paid since his mortgage was repaid to be returned.

What happened

Mr O secured a mortgage in 2004 and simultaneously obtained a mortgage protection policy from Aviva. The policy was a decreasing term assurance plan, providing life cover for a period of 23 years with the benefit amount reducing progressively over the term.

Mr O repaid the mortgage around October 2022, but he became aware almost two years on, in August 2024, that he was still paying monthly premiums for the policy. He asked Aviva to stop the payments, cancel the policy and for it to return all the payments he had made since he repaid the mortgage.

Aviva cancelled the policy but said it was not willing to repay the premiums Mr O had paid since redeeming his mortgage. It explained it hadn't been made aware the mortgage had been repaid, it received no instruction to cancel the policy until 2024, and the policy would have provided protection regardless of the mortgage being repaid prior to the term of the policy coming to an end.

Unhappy with this, Mr O referred the matter to this Service saying the policy should have been cancelled when the mortgage was repaid.

Our investigator did not think the complaint should be upheld. He explained the policy wasn't linked to the mortgage and this was made clear to Mr O in the point-of-sale documents. He also said the cover would have remained in place regardless of the mortgage being repaid.

Mr O disagreed so the matter has been passed to me for consideration.

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'm not intending to uphold Mr O's complaint for the same reasons as the investigator. I'll explain why, but before I do, I note Mr O has provided submissions to this service regarding his complaint. I'd like to thank him for his time, and I hope he doesn't consider it a discourtesy where I've concentrated on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

I have reviewed copies of the policy documentation that was provided to Mr O at the time of policy inception. Both the policy acceptance letter and accompanying policy booklet clearly stated that the policy would operate for a fixed term of 23 years with a fixed monthly premium of £42.61 and would continue until its expiration date of 16 July 2027. Given that

Mr O was clearly made aware that the policy would remain in force for the full term, I am satisfied that Aviva's continued collection of payments following Mr O's mortgage repayment was conducted fairly and in accordance with the agreed terms.

Further, I note Aviva would have continued to bear the risk and remained liable to pay any claims if Mr O died prematurely before the policy expired in July 2027, even if he had already repaid his mortgage. The payout amount would have been calculated using a decreasing scale based on the original sum assured and the remaining policy term. So, Mr O's estate would still have received a benefit regardless.

As a final point, Mr O paid for the policy by monthly direct debit. These debits would have shown on his bank statement. Although Mr O may not have noticed the payments being taken, it's my view that he had a responsibility to keep an eye on this. Aviva would not be able to unilaterally cancel the policy as it may have been the case that Mr O wished the life cover to continue to provide an additional benefit beyond the term of his mortgage. So, I think it is fair to say that as Mr O didn't request for the policy to be cancelled any earlier than August 2024, I don't think it would be fair to ask Aviva to repay the policy premiums he has paid to it since repaying his mortgage.

My final decision

I appreciate that Mr O will be disappointed by this but for the reasons listed above, I do not uphold this complaint against Aviva Life & Pensions UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 27 October 2025.

Farzana Miah
Ombudsman