

The complaint

Mr R complains about how Phoenix Life Limited dealt with premium increases over the time he has held a Progressive Protection Plan, and believes the increases are disproportionate to the level of cover the policy provides. Mr R has also raised concerns about the mis-sale of the policy.

What happened

Mr R purchased a Progressive Protection Plan with a provider that has now been acquired by Phoenix. The policy was sold by a financial adviser. However, Phoenix have taken on the responsibility for administration of the policy, including premium increases and updates.

Since 2023, Mr R has made several complaints to Phoenix about the level of premiums he is now paying, that they failed to amend his direct debit - resulting in the policy being in arrears - and that he had been unable to contact his complaint handler. Phoenix provided responses to Mr R's complaints in December 2023 and in February, May and July 2024. Phoenix have paid Mr R £500 to resolve the complaints he made, however they have not dealt with Mr R's mis-sale concerns.

Mr R brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. Our Investigator thought that the payments Phoenix made to Mr R were fair and reasonable to resolve the complaint. Mr R asked that an Ombudsman decides the complaint and it was passed to me to consider.

When reviewing this complaint I saw that Phoenix hadn't provided a response to Mr R's concerns that the policy may have been mis-sold. I asked both parties for further information.

The information I received meant I reached a different outcome to that of our Investigator. I therefore issued a provisional decision so that each party could provide any further comments or evidence they wish me to consider before I decide the complaint.

In my provisional decision I said:

"At the crux of Mr R's complaints are two main issues:

- Phoenix have increased the premiums on his policy over the years and he believes these increases – from about £79 per month to £634 per month – reflect a significant increase above the 5% estimate provided when he bought the policy.*
- The policy may have been mis-sold.*

I will address each of these issue separately.

The policy was mis-sold

I can see that when Phoenix provided Mr R with a response about this specific complaint in May 2024, they told him they had logged a mis-selling complaint and will investigate it. I reached out to Phoenix to establish what they had done in this regard as I was unsure

whether this was a policy Phoenix had sold or if it had been sold by a financial adviser.

Phoenix have provided details that satisfy me they did not sell the policy and have provided the name of the financial adviser that sold it. This is important as any complaint about the mis-sale of a policy must be made to the seller of the policy (the financial adviser) and not to the provider of the policy (Phoenix).

At the time I reached out to Phoenix, I also let Mr R know that I could look into a mis-sale complaint if Phoenix had sold the policy. I asked Mr R for any documents from the time of the sale. He responded by providing a copy of a letter Phoenix sent to his financial adviser – which is the same letter that Phoenix have now provided - enclosing a welcome pack for the policy and thanking the financial adviser for placing the business with them.

Taking into account the information both Mr R and Phoenix have now provided, I intend saying that I can't look into the mis-sale complaint as Phoenix did not sell the policy. This means Mr R must complain to the financial adviser named in the letter he provided if he feels the policy was mis-sold. If he requires up to date information about which company or financial adviser is now responsible for the sale of the policy, he can search the Financial Conduct Authority website or he can ask our Investigator to provide the details under separate cover.

Although I cannot consider Mr R's complaint that Phoenix mis-sold the policy, I can consider the service Phoenix provided Mr R in this regard. So, as I intend including this aspect when considering Mr R's complaints, I've decided to issue a provisional decision and invite any further submissions from Mr R and Phoenix before I consider my final decision.

Increasing premiums

Mr R's policy is a Progressive Protection plan that was taken out in 1996. The illustration and welcome pack provided by Mr R and Phoenix confirm the amount of the initial life cover and the initial premium. The policy premiums are reviewable at each anniversary and the policy will end when Mr R reaches age 70. It may be useful to think of this type of policy as one which is effectively the same as Mr R taking out a new policy each year, with premiums based on his age at each anniversary. There's no dispute the policy initially provided life cover and that in 1998 Mr R added critical illness cover.

In respect of the reviewable premiums, which is one of the issues at the heart of this complaint, the terms and conditions states, in section 2, part 1 b, "The regular premium will therefore be reviewed on each policy anniversary and is likely to rise each year." The illustration provided by Mr R and Phoenix from the time the policy was started, show what would happen to the premiums if increased by 5% per year. I understand Mr R is upset that the premiums have increased by more than this amount, but it's reasonably clear from the illustration that the 5% figure was for illustrative purposes only. The terms and conditions and key features Mr R received at the time of the sale explain how the premiums are calculated at each anniversary.

Mr R has asked me to consider Section 2 of the terms and conditions of the policy. He says that in this section, Phoenix confirm that any annual increase will not exceed any more than 3% above the Retail Price Index (RPI). I reviewed this section, but I can clarify this refers to the amount by which Phoenix can increase their management charge. Whilst I accept this may have an impact on Mr R's premiums, it in no way suggests the premiums Mr R pays will be capped at 3% above RPI, or indeed that the premiums in general are related to RPI.

The new premium amount, calculated at each anniversary, will depend on the age of Mr R and the cost of providing the amount of life and critical illness cover. Phoenix explained that as Mr R gets older the cost of providing the cover is likely to increase. Phoenix did carry out an actuarial review of the premiums Mr R was paying. In April 2024 they calculated that he had overpaid by £498.48 and refunded this amount with interest.

The welcome pack Phoenix sent to Mr R's financial adviser included details of the special terms applied to the policy. It's more likely than not that Mr R's policy was accepted with a small increase in premium, but a new illustration was sent to his financial adviser with a request that they forward it to Mr R. I intend saying it was reasonable for Phoenix to do this.

In 1998, Mr R added critical illness to the policy and this increased the monthly cost of the combined life and critical illness cover to about £79 per month.

At most of the policy anniversaries the monthly premiums have increased. I'm satisfied that Mr R was aware that the premiums could increase, but he feels that the increases have been more than he would expect. At the 2023 review Mr R was told of a premium increase, but Phoenix didn't collect the correct premium on the next payment date. Mr R complained about this and explained he had received an arrears notice.

Phoenix accept they failed to collect the new premium on Mr R's policy in October 2023, and that this resulted in Mr R receiving an arrears letter because they had not adjusted the November premium collection. Phoenix apologised and paid Mr R £150 for the distress and inconvenience this matter had caused him. They also confirmed the policy was up to date.

Phoenix accepts that they didn't provide Mr R with information about why the premiums on his policy had increased so much. Mr R again asked Phoenix to provide a breakdown of the premiums he had paid and an explanation how the premiums were calculated. Initially, on 21 February 2024, Phoenix provided an explanation from their actuarial department. They explained that premiums are re-calculated each-year and are based on the amount of cover provided, Mr R's current age and their reasonable costs and profit margins. Phoenix confirmed how much Mr R had paid into the policy since the start. However, Phoenix accept the explanation they sent didn't provide Mr R with the details he had requested and provided a further response on 26 February.

In the 26 February response Phoenix said they didn't uphold Mr R's complaints that the premium increase had been unreasonable, or that they had made a mistake in calculating them during the term of the policy. However, they accepted Mr R had to request the policy and premium information several times before it was sent to him. They paid Mr R £100 to recognise the trouble and upset the delay caused in providing this information caused him and a further £50 for the delay in providing a full response to his previous complaint.

Mr R was unhappy that he was unable to contact the complaint handler to discuss his complaint. In April, he complained to Phoenix that he wanted all of the premiums refunded as he felt the policy had been mis-sold. Phoenix accept that Mr R had problems contacting the complaint handler and paid him £100 to recognise the frustration this had caused him.

However, Phoenix confirmed that they hadn't upheld Mr R's complaint that they had miscalculated the premiums on his policy. In their letter of 23 May, Phoenix said they had 'logged' Mr R's mis-sale complaint and that it would be investigated. They paid him £100 to reflect the trouble and upset caused by him not being able to contact his complaint handler.

In June, Mr R complained to Phoenix that he remained unhappy with the premium increase on his policy, and that the response he received from Phoenix in February was flippant.

Phoenix accepts that the February response was poor and paid Mr R £100 to reflect this.

I've reviewed all of the complaints Mr R made to Phoenix along with their responses. In relation to the complaints Mr R raised about the errors made by Phoenix, the increase in premiums on his policy, and their approach to dealing with his complaints, I intend saying the payment of £500 is a fair and reasonable one to resolve the complaints. The impact of the mistakes or delays caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needed a lot of extra effort from Mr R to sort out. This level of award is in line with the guidance we provide on our website: [Guidance for distress and inconvenience payments](#)

However, I think it would be reasonable for me to take into account that Phoenix didn't handle Mr R's concerns about the possible mis-sale of the policy. He raised the issue with them in May 2024, but although Phoenix acknowledged this they did nothing about it. Even a quick review of the policy details would have told Phoenix they weren't responsible for the sale. There has been no further communication about this matter, but after I raised it with them, Phoenix were able to tell me within a few days that they hadn't sold the policy.

Mr R has had to wait more than a year to be told that the policy was sold by a financial adviser and not Phoenix. This means his concerns about a mis-sale have been on-going for 12-months, only to now be told he will need to approach the financial adviser who sold the policy. I intend saying that this element of poor customer service caused Mr R more frustration, distress and inconvenience. Therefore, I intend asking Phoenix to pay Mr R a further £300 to resolve this poor service that Phoenix haven't addressed. The impact of the this delay caused Mr R additional considerable distress, upset and worry that could easily have been avoided. And, it has taken over 12-months for Phoenix to make it clear they didn't sell the policy. I intend saying this is in line with the guidance I provided in the link earlier in my decision."

Shortly before I had issued my provisional decision, Phoenix provided a final response to Mr R's complaint about the mis-sale of the policy. In the final response they agreed to pay Mr R £250 for the delay in providing a response to his complaint. Phoenix then accepted my provisional decision and agreed to pay Mr R an additional £50.

Mr R didn't agree with my provisional decision and asked that I provide clarification about the premium increases applied by Phoenix in 2008, 2009 and 2010. I wrote to Mr R on 22 September and provided a breakdown of the premium increases, along with the reasons the premiums had increased. I asked Mr R to provide any further comments or evidence he wanted me to consider before 29 September and said the information provided was unlikely to change my provisional decision. Mr R did not respond.

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 considered the comments and evidence from Mr R and Phoenix, I've decided to adopt my provisional decision as my final decision.

My final decision

For the reasons I've provided, as Phoenix Life Limited have already paid Mr R £250 since my provisional decision, they should now pay him an additional £50.00 to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 October 2025.

Paul Lawton
Ombudsman