

## The complaint

Mrs L's complaint is about the Waiver of Contribution (WoC) benefit for her personal pension plan with Zurich Assurance Ltd (Zurich).

## What happened

I issued a provisional decision on 15 September 2025. I've repeated here what I said about what had led up to the complaint and my provisional findings. In short I said the complaint hadn't been made too late but I didn't uphold it.

*'Mrs L took out a pension plan with Zurich on 1 March 1995. WoC wasn't a benefit selected at inception but was added to the plan in 1996. WoC (or waiver of premium) benefit means that contributions can continue to be paid (by the provider/insurer) if the policyholder becomes ill or injured and unable to work.'*

*Unfortunately, Mrs L experienced serious health issues and needed to make a claim under the WoC benefit. Zurich wrote to her on 27 July 2020 explaining what she needed to do and enclosing a leaflet. Zurich sent confirmation that the claim had been accepted on 28 August 2020. Zurich said the payments would be made to the plan from 1 January 2020. Under the heading 'How long will we continue to make payments for you?', the letter said payments would continue during Mrs L's lifetime until the earlier of the date Zurich considered her fit to return to work or the date the WoC benefit ended, which was 1 March 2025.'*

*On 22 April 2021 Mrs L's independent financial adviser (IFA) wrote to Zurich saying Mrs L wanted to partially transfer the maximum available to another provider but ensuring that the WoC benefit wasn't affected and that the premiums continued to be paid. The IFA asked Zurich to confirm the minimum amount that needed to be retained in the policy and if there were any other conditions.'*

*Zurich replied on 29 April 2021 saying, to process a partial transfer, Mrs L must have £5,000 remaining in her Zurich plan after the transfer had been completed and a minimum of £1,000 had to be transferred. Both non protected rights and former protected rights elements could be transferred. If £5,000 remained in the policy, the WoC benefit would be unaffected.'*

*In November 2021 Mrs L completed an application form to transfer £155,008.31 to another provider with £5,000 to remain with Zurich. The transfer went ahead.'*

*In March 2024 Mrs L's representative raised concerns with Zurich, including that payments to her policy had stopped. In an email sent to Mrs L on 18 March 2024 Zurich said the payments shouldn't have stopped. And, in an email sent to her representative on 15 April 2024, Zurich said Mrs L's policy would be rectified and all WoC payments would be allocated. In its final response letter dated 13 May 2024 Zurich explained that, in processing Mrs L's partial transfer, Zurich had mistakenly transferred all non protected rights instead of leaving £5,000 to maintain the WoC benefit, causing the WoC to cease. Zurich had corrected the plan on 16 April 2024, with all missed WoC payments applied retrospectively to ensure correct unit allocation and growth.'*

Zurich said its Health Team would contact Mrs L separately as the WoC review had been missed due to the error. If she remained eligible, the WoC would continue until the earlier of her 65th birthday or to the end of the Contribution Payment Term which Zurich said was 31 March 2025, although the Claims Team had been asked to confirm that when they wrote to Mrs L. (I'd note here, from the correspondence in 2020, referred to above, and the plan terms and conditions, referred to below, that the end of the Contribution Payment Term was in fact 1 March 2025, not 31 March 2025.) Zurich apologised for the error made in connection with the partial transfer and offered £200 compensation as a goodwill gesture.

Mrs L's representative emailed Zurich in response on the same day. He said the only communication Mrs L had received about her pension was an annual statement and she hadn't been contacted to arrange a review. Prior to the WoC claim, she'd had no intention of retiring or stopping pension contributions as she'd just been promoted to a senior position with her employer.

On 14 May 2024 Zurich responded, saying a settlement letter confirming the details of the partial transfer was issued to Mrs L at the time, a copy of which was enclosed. Zurich went on to say that a WoC review due in 2022 hadn't been carried out because of the transfer and that would now be addressed by the Claims Team, who'd also confirm when the WoC benefit would end.

A (further) complaint was raised with Zurich on 10 June 2024. Zurich issued a final response on 2 August 2024. Zurich confirmed its understanding of the complaint was that its Health Claims Team had confirmed Mrs L's premiums would only continue to be waived until 1 March 2025 when the WoC benefit ended. Zurich said that was confirmed in the plan terms and conditions provided to Mrs L when the plan was taken out. She didn't turn 65 until later in March 2025, but the preceding contribution was the one due on 1 March 2025 when the WoC would stop. Zurich referred to page 24 of the terms and conditions which said, for the purposes of WoC benefit, 'Termination Date' meant the earlier of the policyholder's 65th birthday or the end of the Contribution Payment Term. Zurich also said the review carried out by the Claims Team was to ensure Mrs L was still eligible to claim, not to allow the claim to continue past 2025.

Mrs L remained unhappy and the complaint was referred to us. Zurich said it had been made too late. Zurich pointed to the plan terms and conditions and in particular sections 3 and 12 which state that the WOC benefit ceases on 1 March 2025. That's a fixed date and there's nothing allowing for it to be extended beyond then. Mrs L would've been aware of that from the outset. If she made a claim under this benefit and it was later established that cover would be required beyond the expiry date, it was her responsibility to make alternative arrangements for continued protection.

Zurich also said, when a claim form was issued to Mrs L on 27 July 2020, a leaflet, 'Your guide to making a claim' was also sent. It said she should consult her policy terms and conditions for specific details about her cover and that the leaflet didn't replace or modify the terms on the contract. She was prompted to check the period during which the WoC benefit would apply and made aware of the need to plan for any future cover beyond the stated term. Zurich's letter dated 28 August 2020 confirmed the claim had been approved and reiterated the terms of the benefit. It said the contributions would be paid either until Mrs L was deemed fit to return to work or the benefit end date which was confirmed as 1 March 2025. Zurich said, by 28 August 2020 at the latest, Mrs L had been formally and explicitly notified that the WoC benefit would terminate on 1 March 2025. As her complaint wasn't submitted within three years of 28 August 2020 it had been made too late.

One of our investigators looked into the complaint. He concluded we couldn't deal with it as it had been made too late.

## **What I've provisionally 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.*

*However, I've first considered if the complaint is one we can look into.*

*We can't deal with every complaint about a financial business. We're governed by the Dispute Resolution (DISP) rules set out in the FCA (Financial Conduct Authority) Handbook. The relevant provision here is DISP 2.8.2R (2). I've set that out in part below.*

*DISP 2.8.2R (5) disapplies the time limits if the respondent has consented to us considering the complaint but here Zurich doesn't consent.*

*DISP 2.8.2R (2) says (in so far as is relevant here):*

*'The Ombudsman cannot consider a complaint if the complainant refers it to the Financial Ombudsman Service:*

*(1) more than six months after the date on which the respondent sent the complainant its final response...; or*

*(2) more than:*

*(a) six years after the event complained of; or (if later)*

*(b) three years from the date on which the complainant became aware (or ought reasonably to have become aware) that he had cause for complaint;'*

*unless the complainant referred the complaint to the respondent or to the Ombudsman within that period and has a written acknowledgement or some other record of the complaint having been received;*

*unless:*

*(3) in the view of the Ombudsman, the failure to comply with the time limits in DISP 2.8.2R ... was as a result of exceptional circumstances;'*

*DISP 2.8.3G gives, as an example of exceptional circumstances, where the complainant has been or is incapacitated.*

*I've first considered what the event complained of is. The investigator said Mrs L's complaint centred on the WoC benefit ending and Mrs L's expectation or belief that it should continue beyond its specified termination date. Zurich said its understanding of the complaint was that Zurich's Health Claims Team had confirmed that Mrs L's premiums will only continue to be waived until 1 March 2025 when the WoC benefit ends.*

*In broad terms, I think Mrs L's complaint is that her WoC benefit came to an end on 1 March 2025. It's difficult to immediately see why that complaint – about a relatively recent event and one which hadn't actually happened when Mrs L's complaint was made in 2024 – would be time barred. Even if the complaint is put on the basis that Mrs L is unhappy with Zurich's Health Claims Team's decision that premiums will only continue to be waived until 1 March 2025, a complaint – about that decision – has still been made within six years. I realise of course that the decision is based on what the terms and conditions say but, as I've said below, I see that as more of a merits issue.*

*Zurich's argument, about the six year period is that, from 1996 (when the WoC benefit was taken out) Mrs L knew (or ought to have known) that any claim she made under the WoC benefit would come to an end on 1 March 2025 – because that's what the terms and conditions provided. So the six year period would start to run from 1996. And the three year period doesn't help because Mrs L was reminded in 2020 that the WoC benefit would end on*

1 March 2025. Zurich's letter of 28 August 2020 was explicit – it specifically said that contributions would be paid until Mrs L was deemed fit to return to work or until the benefit end date which was confirmed as 1 March 2025. If Mrs L didn't accept that then she had three years from then – so until 28 August 2023 – to query it and if, necessary, make a complaint to Zurich.

But the three year period is only relevant if the six year period doesn't apply. Here I'm not sure that the six year period started to run from 1996 when the WoC benefit was added. We wouldn't generally point to a provision in the terms and conditions and say that a consumer knew (or should've known) about it from the outset and so time to complain about it starts to run from then. We'd more usually deal with what the terms and conditions say as part of the merits of the complaint. But it will depend on the circumstances and what the particular complaint is.

I've tried to think of an example which might help. Perhaps if the complaint was that the consumer's retirement date had been set incorrectly on the policy document. And a complaint about that was only made years later, as the consumer neared retirement. But, in that sort of situation, it's likely that, over the years, other documents would've been issued which would've also shown the incorrect retirement date and so we might say that the consumer should've noticed and queried it earlier. But here, once the WoC benefit had been set up, I don't think anything further would've been said about how it operated and when it would come to an end until Mrs L unfortunately had to make a claim.

The upshot is that, on balance, I don't agree that Mrs L's complaint has been made too late. I think it was made within six years of the event complained of – the fact that her WoC benefit ended on 1 March 2025 or Zurich's decision, notified to her in 2020, that the benefit would end then. That means Mrs L doesn't have to rely on the three year period. Or on DISP 2.8.2R (3) and exceptional circumstances as the reason why her complaint was made outside the applicable time limits.

But all that said, and even if Mrs L's complaint isn't time barred, I don't think it can be upheld. That's for similar reasons as have been pointed to as to why the complaint has been made too late. Essentially, I'm satisfied that the policy terms and conditions provide that the WoC benefit ends on the earlier of Mrs L's 65th birthday or the end of the Contribution Payment Term – which was 1 March 2025.

Section 3 – 'Selecting the Contribution Payment Term' – of the plan terms and conditions says that the Contribution Payment Term is shown in the Special Provisions. Which confirm that the Contribution Payment Term ends on 1 March 2025. Section 12 – 'Waiver of Contribution Benefit' – says, for the purpose of the WoC benefit, 'Termination Date' means the earlier of the plan holder's 65th birthday and end of the Contribution Payment Term – which, as I've said, is specified in the Special Provisions as 1 March 2025. Although Mrs L turned 65 later in March 2025, the applicable date is the earlier one – the end of the Contribution Payment Term which was 1 March 2025.

So, in saying the WoC benefit ends then, Zurich is acting in accordance with the plan terms and conditions and its contract with Mrs L. I don't think that's unfair or unreasonable.

Mrs L's representative has also mentioned Zurich's failure to review Mrs L's WoC claim. When the review fell due, Zurich didn't realise, because of the error that had been made in connection with the partial transfer, that Mrs L was still entitled to the WoC benefit and for her contributions to be paid, so no review was undertaken. When the mistake came to light, Zurich accepted that Mrs L remained eligible and the missed WoC payments were made up. So Mrs L didn't suffer any detriment because the review was missed.

*The review was about Mrs L's continuing eligibility to claim, not about extending the term of the WoC benefit which had been set at the outset and Zurich wouldn't have extended the term. And Mrs L was told in 2020 that the WoC would come to an end on 1 March 2025. I can't see that she's been prejudiced by the missed review, given that the WoC payments have been made up, or that the ending of the benefit would've come as a shock to her.*

*I'm of course very conscious of Mrs L's very serious health issues and which led to her claiming under the WOC benefit. I'm very sorry to hear of the resulting difficulties she's faced and which continue. However, I think the £200 Zurich paid for any distress and inconvenience Mrs L suffered as a result of Zurich's handling of the matter – cancelling the WoC benefit when it shouldn't have done – is fair and reasonable. I don't think Zurich needs to do anything more.'*

Zurich didn't want to comment further and we didn't receive any response from or on behalf of Mrs L.

### **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.

In the absence of any further information, arguments or evidence from Mrs L or Zurich, my views remain as set out in my provisional decision, as recapped above.

For the reasons I've given, although the complaint is one we can consider, I'm not upholding it.

### **My final decision**

I don't uphold the complaint and I'm not making any award.

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

Lesley Stead  
**Ombudsman**