

## The complaint

Mr K complains that Countrywide Assured Plc ('Countrywide') provided incorrect surrender values for his income protection policy, which caused a loss of expectation when he surrendered his plan.

## What happened

Mr K took out a policy with Countrywide in 1995. The plan was primarily taken out to provide financial support in the event of being unable to work, but it also had a unit-linked investment element. Over the years, Mr K received annual statements from Countrywide, which indicated the value of the investment was increasing, which could be taken as a lump sum payment if he decided to surrender the policy.

In October 2024, Mr K decided to surrender the plan. He told us he no longer required the income protection benefit and called Countrywide who provided a surrender value over the phone and arranged for paperwork to be sent out.

Mr K received a surrender pack in the post, which indicated he'd receive approximately £2,200 upon cancelling the policy. Mr K completed and returned the pack to Countrywide, but once this was reviewed by its actuarial department, it was identified a system error had been generating incorrect values on his statements. It was explained that the cost of providing the policy benefits exceeded the premiums Mr K was paying. This required units to be sold to cover the shortfall, which over time, had reduced the surrender value to £0.

Mr K complained to Countrywide. He said he struggled to accept Countrywide's explanation that there was no surrender value, as the statements he received consistently indicated there was one and the information supplied within the statements appeared to be correct.

Countrywide continued to collect monthly premiums from Mr K despite his request for the policy to be surrendered. He said he contacted Countrywide in February 2025 and was told the policy was still in force and had a surrender value of approximately £2,300, in contrast to what he'd been told after submitting his documentation to surrender the policy.

In its response to his complaint, Countrywide confirmed a system error caused inaccurate values to be generated, which were communicated to Mr K in error. It offered to pay Mr K £250 compensation to acknowledge the trouble and upset that had been caused to him.

Mr K didn't agree Countrywide had resolved the matter and referred his complaint to our service.

One of our investigators reviewed Mr K's complaint and was of the view Countrywide hadn't acted fairly and needed to take action to put things right for Mr K. They said:

- Their view was based on limited information having not received a response from Countrywide to questions asked.
- Countrywide had consistently provided surrender values to Mr K in his annual

statements, leading him to believe the policy held a value, which had increased over time.

- Countrywide had failed to sufficiently explain why it hadn't communicated to Mr K that the policy value was in fact being eroded.
- It's unclear whether Mr K had the option to increase premiums in order to prevent depletion of the surrender value.
- Countrywide continued to collect monthly premiums after receiving Mr K's completed forms to cancel the policy.
- They recommended Countrywide refund the premiums it collected from Mr K since it received his surrender claim form, plus 8% simple interest. They also recommended Countrywide increase its existing compensation offer by an additional £250.

There has been extensive communication between the parties since the investigator issued their view, mostly to discuss how things should be resolved for Mr K. I won't repeat the entirety of the content of the discussions here, but in summary:

- Both parties were in agreement that Countrywide needed to take some action to put things right for Mr K.

Countrywide said:

- It would be willing to pay Mr K the incorrect surrender value he was expecting to receive when he requested to surrender the plan. In addition, it agreed to refund the premiums collected since this date, plus interest.
- There were warnings on Mr K's account to notify staff of the system error affecting his policy, but the warnings weren't clear, which resulted in the incorrect values sent out on his statements and given to him verbally on the occasions he called.
- It only had access to statements dating back to 2020 and it wasn't able to determine when the statements first began to contain incorrect details.
- It wasn't able to add more detail to its previous explanation that the policy charges outweighed the premiums, which caused the surrender value to be used to cover the difference and that a system issue caused incorrect information to be communicated to Mr K.
- It would potentially be agreeable to an alternative method of compensating Mr K.

Mr K said:

- He felt the information provided within the annual statements appeared correct based on his understanding of how the plan worked and provided a table to demonstrate this. Countrywide had regularly reviewed the plan and increased the premiums to cover increased charges.
- His decision to maintain his policy was based on his understanding of the surrender value. Had he understood the value was actually decreasing, he likely would've cancelled the policy years earlier. He'd been considering cancelling the policy for some time as the income protection benefit felt less important to him as time went by and the premiums continued to increase.
- While the complaint had been investigated by our service, he'd received a further annual statement indicating a surrender value of approximately £1,800.
- He provided copies of historic statements he had available, which indicated Countrywide issued two statements in the years 2018 and 2019, each containing

conflicting information, which indicated a potential issue at that point. He no longer had copies of older statements to determine if similar issues were present in earlier years.

- He wanted Countrywide to provide a sufficiently detailed explanation to enable him to understand the point at which it began to send incorrect statements. He suggested it may have been from the time Countrywide changed the statement format in 2020.
- He pointed to a wider concern that Countrywide – a regulated firm – appeared to have poor governance controls and seemingly had been issuing incorrect statements to its customers for years in addition to continuing to collect premiums after receiving Mr K's surrender claim form. These broader concerns needed to be investigated in order to reach a fair outcome on his complaint.
- He didn't accept the redress methodology proposed by the investigator and put forward several different options on different occasions. Most recently, he was of the view that Countrywide should pay him the surrender value at the time the most recent correct statement was issued and a refund of all premiums paid since that date plus interest. Or, alternatively, he would accept a refund of all premiums paid throughout the life of the policy plus interest.
- He also felt Countrywide should compensate him to acknowledge the inconvenience caused to him, the failure to act on his surrender claim, its continued errors in issuing further incorrect statements and surrender values.

To comment on the new information provided, the investigator issued a second opinion maintaining their view that Countrywide should take some action to put things right for Mr K, but proposed an alternative solution. They said:

- It wasn't clear from the evidence that'd been provided, when the statements began to show incorrect figures. Mr K suggested it may have been from the time the statement format changed in 2020, but multiple statements were issued in both 2018 and 2019, which showed inconsistent figures.
- It was likely Mr K would have cancelled the policy at an earlier point had he understood the surrender value was being depleted to cover the cost of providing the benefit.
- Despite having plenty of opportunity, Countrywide had failed to provide sufficient details to demonstrate when the system issue began to result in incorrect statements.
- To put things right, they recommended Countrywide honour the surrender value quoted on the 2019 statement in addition to refunding premiums paid since that statement date plus 8% interest. He also thought Countrywide should pay £350 compensation in addition to what it offered in its final response letter to acknowledge the inconvenience caused to Mr K due to its errors and the considerable length of time taken to resolve the complaint.
- They welcomed Countrywide to respond with further evidence to demonstrate when the errors began.

Mr K responded to confirm he accepted the investigator's recommendation for how Countrywide should put things right. Countrywide did not respond.

As matters remained unresolved, the complaint was passed to me to decide. As part of my review, I sought some additional information from Mr K to understand his circumstances in the years leading up to when he decided to surrender his policy and his reasons for cancelling when he did. In summary, he said:

- The income protection benefit offered by the policy was important to him when he took out the plan in 1995, which provided a safety net when he set up his own business in 2007.
- By 2020, he would have been able to draw on his pension should he need to. His business was also generating good recurring income at that time and there was a surplus of capital within the business.
- While he understood the policy was primarily for income protection rather than an investment plan, based on his understanding of the surrender value, he could cancel the plan any time and effectively get approximately one to two years' premiums back from the investment element.
- Had he chosen to cancel in 2020, he could have managed with his existing resources had he been unable to work, but largely due to the increasing surrender values, he decided to keep the policy going.
- His reason for choosing to surrender the policy in 2024 was in response to a change in his circumstances following the breakdown of his marriage. This required him to take on additional costs as a result of moving out of the marital home. At this time, he needed to reduce unnecessary outgoings and chose to cancel the policy in the knowledge he had sufficient personal and business resources to survive should he be unable to work.
- He still did not wish to accept Countrywide's offer. While acknowledging its offer was what he was originally asking for, he felt additional information that had since come to light, meant it would not fairly compensate him.

#### What I said in my provisional decision

After careful consideration of the information provided by Mr K and Countrywide, I decided to issue a provisional decision to give both parties an opportunity to respond. I said I had reached a different view to the investigator on how things should be put right for Mr K and set out my reasons to explain why.

In my provisional decision, I said:

#### *"The remit of this service*

*I note Mr K has made several submissions during the course of our investigation to highlight concerns around Countrywide's governance controls, which have led to him being consistently misled about the surrender value. Countrywide has also failed to cancel the policy as requested, continued to attempt to collect premiums from him and issue further seemingly incorrect statements. Mr K has suggested this issue is unlikely to have affected him in isolation and a full investigation is required to fully understand what has gone wrong.*

*The purpose of our service is to informally resolve matters by focusing on what has happened to the individual complainant and where the respondent firm has got things wrong, putting them as close as reasonably possible to the position they'd be in had things gone the way they ought to. Some of Mr K's concerns are broader than what has happened to him as an individual and it would go beyond the remit of our service to comment on these issues. It would be for the regulator to determine if it will conduct a wider investigation into Countrywide's business.*

#### *Countrywide's errors*

*Countrywide says that due to a system error, it inadvertently misrepresented the policy's surrender value to Mr K, which caused a loss of expectation when he applied to cancel it. Countrywide has explained its actuarial department identified Mr K's policy had no surrender value at the time he applied to surrender it, but it hasn't been able to provide details to explain the exact nature of the underlying error, or confirmation of when the problem initially resulted in incorrect values on Mr K's statements.*

*The lack of clear explanation or evidence to support Countrywide's claim that Mr K's policy had no value at the time he applied to surrender the policy, has been a clear point of contention for Mr K. It's reasonable for him to have questioned this and want assurance that what Countrywide is saying is correct, so I understand Mr K's frustration with not having been given clear evidence to demonstrate exactly what went wrong and when. I note our investigator made persistent efforts to attempt to obtain further details from Countrywide to explain the position more clearly, but this information has not been forthcoming.*

*Despite the numerous requests from our service, Countrywide has not been able to provide clear details to explain what went wrong, other than saying there was a system error and there ought to have been manual intervention prior to surrender quotes being given. Though I appreciate this has been incredibly frustrating for Mr K, whose request for clarity is perfectly reasonable – as things stand, I may be unable to provide any more detail about what caused the issue, or establish for how long Mr K's annual statements were impacted, unless Countrywide provides additional evidence in response to this provisional decision.*

*While I'm unable to say precisely what went wrong and why due to the lack of evidence provided, I'd like to again emphasise the informal nature of this service. We don't have any power to compel Countrywide to provide information. But while it is unfortunate more detail has not been provided, this doesn't mean I'm unable to provide Mr K with a fair and reasonable answer to his complaint.*

*Countrywide's actuaries have explained that as Mr K's age increased, the cost of providing his policy benefits also increased. It said the premiums were no longer sufficient to cover the policy charges, requiring units to be sold to cover the shortfall. The actuaries said that at the time of Mr K's July 2023 statement, the actual policy value was approximately £300. And by the time Mr K applied to surrender his policy, the value had been depleted completely.*

*Countrywide's explanation makes logical sense in theory, as I would expect the cost of providing the policy benefits to increase over time as Mr K aged, but this ought to have been reflected in the policy details provided to Mr K each year. Ordinarily, this annual assessment would take into account the growth on any investment fund linked to the policy, the cost of (amongst other things) providing the benefits and the policy premiums to determine any adjustment needed. Mr K has provided evidence to outline how his premium had increased over the years, so it appears the ongoing cost of providing the policy was regularly being assessed. He told us he was given no indication these increases were insufficient to cover the ongoing cost of providing the benefits.*

*Based on the information that's been provided, it's not clear how Countrywide's actuaries have been able to accurately establish the surrender value had been completely depleted by the time Mr K applied to surrender his policy. It hasn't, for example, been able to explain to us how its system and Mr K's statements incorrectly*

accounted for the benefit costs to help us understand how the actuaries have reached their conclusion.

I find it concerning that Countrywide hasn't been able to explain the nature of the system issue to confirm how this impacted Mr K's statements. Further, Countrywide has also said it only has records of statements dating back to 2020. Having taken everything into account, it's my view that Countrywide hasn't persuasively demonstrated what went wrong - or crucially, shown that on balance the figures it provided to Mr K were inflated. Without this, I'm not satisfied I can reach a finding that on balance, Mr K has not unfairly lost out as a result of Countrywide's calculation. I've set out below how Countrywide can bring matters to a resolution.

In assessing how to put things right, I consider my aim should be to put Mr K as close to the position he would now be in had things gone as they should've done and correct information been provided to him. In doing this, it's important I give careful thought to what I consider Mr K would've likely done differently (if anything) had things gone as they ought to have – i.e. had his statements shown a different position with regards to the value of the policy. To determine this, I've considered Mr K's argument that he likely would've surrendered the policy earlier than he did.

Would Mr K have cancelled the policy sooner had he understood the true position?

I've thought carefully about what Mr K has told us about his circumstances to determine if he would've likely acted differently had Countrywide given him different information about the policy's surrender value over the years. While I've given weight to what Mr K now says he would've likely done, I must be mindful of how the benefit of hindsight may have influenced his view. I've thought about things holistically, which includes taking into account Mr K's previous actions with respect to his policy.

Mr K is of the view that had his annual statements shown a decreasing policy value, he likely would've chosen to surrender his policy at an earlier time and has suggested this may have been in 2020, at which time his business was generating recurring income and had a capital surplus. He had also reached age 55 meaning he was eligible to access pension benefits should he need to.

Ultimately, it's my view that Mr K's suggestion for when he may have cancelled the policy comes with the benefit of hindsight. He said the policy felt less important to him as time went by, and while I agree there will be some truth to that statement – as his business grew, he continued to maintain the policy, which suggests he still found it to be of value. It was always an option for him to end the policy at an earlier point and take the value it held. He didn't appear to look into cancelling the policy any earlier than he did, from the information I've seen.

Mr K has acknowledged the policy was primarily in place for income protection, not as an investment plan. In my view, particularly Mr K being self-employed – having income protection in place to offer support if unable to work would've been sensible for the duration of his working life. Any sudden changes affecting his ability to run his business would have likely affected his income. The policy could have helped to minimise that impact without requiring him to dip into pension savings or rely on capital held within the business. Though I appreciate Mr K said he would've been able to access his pension and potentially surplus business capital to support him if unable to work.

I've also thought about Mr K's likely understanding of how the potential surrender value compared to the annual cost of maintaining the policy, to consider the

likelihood that he may have cancelled it sooner had he understood the true position. Mr K provided a table that sets out the statement figures from 2018 to 2024. Having carefully reviewed this, on balance, I don't consider the surrender value appeared particularly significant to justify the ongoing annual premiums if that was Mr K's main reason for continuing the policy. In some years the surrender value appeared lower than the cost of one year's premiums.

Had the annual statements displayed a decreasing value, I think Mr K would've been understandably disappointed to see the surrender value reduce. As noted above, it's not clear when the statements ought to have begun to reflect a reducing surrender value – if at all. With the benefit of hindsight, I understand why Mr K would feel that he likely would've cancelled the plan sooner. But considering the statements, between 2020 and 2024 when he applied to surrender, Mr K had paid approximately £6,500 for a policy he thought was only worth approximately £1,000 to £2,000.

Looking at things holistically, Mr K was paying an annual premium which was around the level of his mistaken view of the surrender value. I think it's unlikely, on balance, that if Mr K didn't really value, or need the income protection benefit, but instead was retaining the policy primarily for the surrender value, he would've continued to keep it where he was more, or less spending that much each year. To put it another way, I'm not currently persuaded that – had Mr K understood the actual surrender value was lower than his statements indicated, he would've surrendered it any sooner than he did when a life event caused his personal circumstances to change in 2024, requiring him to reduce his outgoings.

It's therefore my view that the perceived surrender value likely did not play a large part in Mr K's decision to continue with the policy. I think the income protection benefits it offered – particularly as someone running their own business, would've likely been of significant importance for Mr K.

#### Putting things right

I truly empathise with Mr K's position as he's not received the surrender value he expected and hasn't been given clear information to enable him to fully understand why.

As noted earlier in this decision, Countrywide has offered to pay the surrender value Mr K was expecting to receive in 2024. As Countrywide has failed to provide sufficient evidence to show that the surrender value of Mr K's policy had likely been depleted by the time he applied to surrender it, I think it would be reasonable for Countrywide to pay the value it communicated to Mr K at the time he decided to surrender his policy to resolve things, unless it is able to provide clear evidence by the response deadline for this provisional decision to demonstrate the actual value of Mr K's policy at the time he surrendered it. If Countrywide opts to provide additional evidence instead of agreeing to pay the surrender value it communicated to Mr K in October 2024, this information should include:

- A clear explanation to confirm how the system error impacted Mr K's statements.
- Details to confirm how the actual costs of providing the policy changed over time.
- A clear calculation breakdown to demonstrate how the actual policy value departed from what was communicated in Mr K's statements, from the time the inconsistency in the actual position, compared to what was communicated

to Mr K in his statements first arose.

*Countrywide should also refund all premiums it has collected since the date it received Mr K's application to surrender his policy in November 2024. It should pay 8% simple interest on top of this reimbursement from the relevant payment dates to the date of settlement, or to the deadline date I set out below, whichever is earlier. It should also ensure the policy is cancelled if it remains in force and no further premiums collected.*

*I also intend to direct Countrywide to address the emotional impact and inconvenience it has caused to Mr K as a result of its errors. It's my view that Mr K has suffered a clear loss of expectation, which I imagine has caused a great deal of distress and frustration during what must have been an already challenging time for him. I note that Mr K has also spent a considerable amount of time attempting to seek resolution, both with Countrywide directly and in his contact with our service. And in the meantime, I understand Countrywide failed to cancel the policy and continued to collect premiums from Mr K. Taking everything into account, I think it would be fair and reasonable for Countrywide to pay Mr K £350 compensation in addition to the £250 it previously awarded in response to Mr K's complaint."*

#### Further information provided in response to my provisional decision

Countrywide responded to confirm it accepted my provisional findings and provided no further comments. Mr K told us he didn't agree with the provisional decision and provided further submissions in response. In summary, he said:

- The provisional decision disregarded the fact Countrywide provided incorrect and misleading information for years without any consequence to Countrywide.
- As a result of receiving incorrect annual statements, Mr K was prevented from making informed decisions with respect to his policy. As a financially regulated firm, Countrywide is obligated to meet high standards in order to prevent harm to consumers. In particular, it has a responsibility to provide clear, unambiguous and non-misleading information. Where these standards have not been met, the benefit of the doubt ought to be given to the consumer. The ombudsman has not applied this principle in this case.
- An absence of evidence doesn't mean Mr K hadn't considered cancelling the policy at an earlier time. He said he thought about cancelling the policy each year since 2015 and relied on the annual statements to determine whether to continue on with the policy each year. With that in mind, he disagreed with the ombudsman's view that the collective amount paid in premiums across multiple years was relevant to his decision to maintain the policy.
- He can say with absolute certainty that he would've cancelled the policy in 2023 had he understood at that time the surrender value was around £300 instead of the amount quoted on the statement. And had the true surrender values been similarly lower in earlier years, he would've cancelled the plans at those earlier stages. He believes he is being penalised for not requesting surrender values in previous years to demonstrate that he was actively considering cancelling the policy. However, even if he had done so, he likely would've been given incorrect values.
- Continuing to maintain the policy once his business grew was no different to someone continuing with a life assurance policy once a mortgage is paid off as it remains a bonus even if not really needed. While maintaining an income protection policy as a self-employed person is sensible to an extent, there comes a point where the increasing cost of continuing the policy outweighs the benefit, meaning these

types of policies will often be cancelled prior to the end of the policyholder's working life. Maintaining the policy was not critical for Mr K's business since mid-2020 after employing a member of staff who would have been able to look after existing clients to maintain recurring income should he have been unable to work.

- If he needed to, he could have drawn income from the business for a considerable period, if not indefinitely. He also explained as his business is a limited company, he could have chosen to reduce his drawings and claim the income protection benefit.
- The surrender value was not the main reason for continuing the policy, just one factor. But the misleading statement values hindered Mr K from making an informed decision.

### **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 carefully reviewed Mr K's additional submissions, I've not seen a reason to depart from the outcome I reached in my provisional decision. I'll explain why.

I'd like to assure Mr K that I have considered his additional submissions in their entirety, but will limit my comments in this decision to what I consider to be the main themes that remain in dispute, rather than respond to each point he has raised individually. For clarity, the contents of my provisional decision set out above – including my view on how things should be resolved for Mr K, form part of my final decision, in addition to what I've said below.

### Our remit

In my provisional decision, I explained the remit of this service does not extend to conducting investigations into financially regulated firms, which would be the role of the regulator. Mr K has commented that he feels the answer reached in my provisional decision is of no consequence to Countrywide, which has failed to meet regulatory requirements by providing him with incorrect information for years.

I'd like to explain that the fundamental purpose of our role is to informally resolve disputes for individuals about financially regulated firms. Any redress award is intended to put right impact caused to the individual, such as any financial loss that has been encountered and emotional impact. Our awards are not intended to punish firms, to do so would overstep our role into that of the regulator's.

I understand why Mr K feels strongly about the potential broader implications as a result of Countrywide failing to meet regulatory standards. But as I've explained, investigating this more widely is not something this service is able to do.

### Countrywide's errors

I note Mr K has indicated my provisional decision essentially ignored the fact Countrywide provided incorrect and misleading information for many years.

To address this comment, I'd like to reiterate the finding I provisionally reached with regard to Countrywide's purported error. In my provisional decision, I explained that despite a number of requests from our service for more information, Countrywide had failed to provide a clear explanation or evidence of the system error it claimed had impacted the accuracy of Mr K's statements – particularly the surrender value.

I invited Countrywide to provide further evidence in response to my provisional decision, but nothing further has been received. As noted above, it's beyond the scope of our service to conduct a detailed investigation into a firm's operations – and in the absence of any further information, I've not been able to reach a conclusion to determine what precisely went wrong and how this impacted Mr K's annual statements and surrender values over the years.

Countrywide told us that its actuaries had calculated that Mr K's surrender value ought to have been noted as approximately £300 in his July 2023 statement – but it also told us that it had no record of statements prior to 2020 and couldn't explain when the error would've first begun to impact statements. So, without further evidence to explain how its actuaries had carried out their calculation – particularly considering it appears Countrywide no longer holds relevant details, I'm not satisfied I can safely reach a finding on the balance of probabilities that the calculation reached by the actuaries with regard to the surrender value of Mr K's policy was most likely the correct position.

In other words, I'm not persuaded Countrywide has sufficiently demonstrated that – on balance – Mr K's policy had no surrender value at the time he applied to cancel it. Or, that his annual statement figures were incorrectly inflated. With that in mind, I maintain my view that it would be fair and reasonable, in the individual circumstances of this case, for Countrywide to pay Mr K the surrender value he expected to receive when he applied to surrender the policy in 2024.

#### Would Mr K have cancelled sooner?

Mr K has referred to Countrywide's regulatory obligations – in particular its obligation to provide clear, fair and not misleading information to enable customers to make informed decisions. He also stated regulatory protections, such as those set out in the Consumer Duty and previous Treating Customers Fairly framework, essentially create a doctrine of giving the benefit of the doubt to the consumer in the event of regulatory standards not being met.

Mr K maintains his view that he would have cancelled the policy much sooner had he understood the surrender value to be lower than indicated on his statements. I note he strongly believes he would've surrendered following receipt of his 2023 statement had it indicated the value had reduced to approximately £300 as Countrywide's actuaries have suggested.

I'd like to assure Mr K that in reaching my decision on his complaint, I've given careful thought to Countrywide's regulatory obligations – in particular its obligation to provide clear, fair and not misleading information. I agree with Mr K that a failure to provide correct information on his annual statements would impact his ability to make fully informed decisions with regard to his policy.

As set out above, I've not seen sufficient evidence to satisfy me that Mr K's annual statements contained inflated surrender values. However, because the position is unclear, I've considered whether a different understanding of the surrender value would've likely resulted in Mr K taking a different course of action.

I understand Mr K is of the view that where there has been a failing, he, as the consumer, ought to be given the benefit of the doubt. The relevant standard this service applies where evidence is in dispute is the balance of probabilities. I've considered the available evidence, including what Mr K's told us about his circumstances, to reach a view on whether he more likely than not would have cancelled the policy sooner had the statements shown reducing surrender value figures. Ultimately, I remain of the view that on balance, Mr K would not have acted differently.

Mr K has raised a number of points to support his view on the likelihood of him cancelling the policy earlier than he did. I summarised these points earlier in this decision and won't repeat them in their entirety here.

Mr K explained he feels penalised by comments made in my decision that said, based on what I'd seen, Mr K didn't appear to look into cancelling the policy any earlier than he did. He also believes there is no benefit of hindsight argument to make in the circumstances. I understand from his additional submissions that Mr K actively considered whether or not to continue to maintain the policy each year since 2015, and this decision was based on the information provided within each annual statement. As he understood the statement figures to be correct, there was no need for him to contact Countrywide to request further surrender values.

I accept Mr K's comments that he regularly considered whether to continue with the policy and his reviews of the statements were a determining factor in his decision-making process. However, in order to agree with Mr K that he would've likely cancelled the policy sooner than he did had the statements shown a reduced policy value, I'd need to be persuaded that the surrender value figure played a significant role in his decision to continue maintaining the policy. And that this outweighed his perceived value of the protection benefits offered by the policy should he need to make a claim.

Mr K has provided further information to explain his business wasn't reliant on him being able to work in order to continue receiving income since mid-2020. So, he wasn't reliant on the income protection benefit if he couldn't work. Additionally, at this time, he had the option to access income from his pension should he need to.

I accept Mr K's explanation that his circumstances likely meant he felt less reliant on the income protection benefits as time went on, but that doesn't mean he felt they were no longer of any value. I note his comment comparing the situation to someone maintaining a life assurance policy after a mortgage is paid off as a bonus even if not really required.

Despite the position of his business and availability of other sources of income such as from his pension after becoming eligible to access it, I remain of the view that Mr K still found the protection benefits to offer value to him.

Mr K himself stated the surrender value was not his main reason for continuing the policy, just one factor. Taking everything into account, I don't consider the surrender value was a particularly significant factor to Mr K's decision to continue the policy based on what he believed the value of the policy to be compared to his annual premiums. I appreciate Mr K doesn't agree that the cumulative cost of the annual premiums compared to what he thought the policy was worth is a relevant factor here. However, I maintain my view that this consideration is of crucial relevance to my determination of why I think he would've continued to maintain the policy despite his financial circumstances changing over the years.

As I explained in my provisional findings, between 2020 and 2024 when he applied to cancel the policy, he'd paid approximately £6,500 for a policy he only thought was worth around £1,000 to £2,000. And while I appreciate Mr K has explained he considered cancelling the policy each year since 2015, when comparing how much he was paying to how much he thought the policy was worth, I'm not persuaded his understanding of the surrender value had much influence over his decision to continue.

Had Mr K considered the protection benefits were no longer of value to him from the date he indicated (mid-2020), I think it's likely he would have opted to cancel the policy much sooner than he did, even in the belief the surrender values were as stated. The fact he didn't and continued to pay an annual premium of around the same amount as the stated surrender

value, indicates his primary reason for maintaining it was for the security - or in his words the bonus, offered by the protection benefit.

Taking everything into account, I'm not persuaded that an understanding that the surrender value was less than had been stated would have led Mr K to act differently. Had he seen a vastly reduced surrender value on his 2023 statement, this would understandably cause disappointment and likely lead him to think very carefully about whether to continue the policy for another year. However, while his business may have been in a good position at that time, I think Mr K would likely have been mindful that the future is uncertain and things could always change. It's my view that the continued value Mr K found in the income protection benefits would have ultimately outweighed the disappointment felt in seeing the surrender value reduce. It's therefore my view he would have decided to continue the policy until the change in his personal circumstances, following the breakdown of his marriage requiring a reduction in outgoings, led to his decision to surrender in 2024.

I understand Mr K will likely remain disappointed with my decision, but I remain of the view that this plan was fundamentally in place to provide an income protection benefit should he require it. And while I agree the surrender value would likely have been a factor in his decision to continue the policy – for the reasons I've explained – I think the security the protection benefits offered was likely of greater importance to him.

### **Putting things right**

For the reasons I've explained, I've decided to uphold Mr K's complaint. I direct Countrywide to compensate Mr K as I set out in my provisional decision, which includes:

- Payment of the surrender value Mr K would have received when he applied to surrender had his statements and amounts quoted to him been correct;
- Refund of all premiums collected from Mr K since his application to surrender the policy was received, plus 8% simple interest from the relevant payment dates to the date of settlement, or to the deadline date I set out below, whichever is earlier. It should also ensure the policy is cancelled if it remains in force and no further premiums collected.
- Pay Mr K an additional compensation award of £350 in addition to the £250 it previously offered him to acknowledge the emotional impact and inconvenience caused to Mr K by its failings.

Countrywide must pay the compensation within 28 calendar days of the date on which we tell it Mr K accepts my final decision.

If Countrywide fails to pay the compensation by this date, it should pay 8% simple interest per year on the loss, for the period following this deadline to the date of settlement.

**My final decision**

My final decision is that I uphold Mr K's complaint. I require Countrywide Assurance Plc to take the actions set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 15 April 2026.

Rebecca Faiers  
**Ombudsman**