

The complaint

The estate of Mrs G complains about the settlement values provided by Scottish Friendly Assurance Society Limited in respect of two policies taken out in the 1930s.

The estate is represented by Mrs G's daughter, Mrs S.

What happened

The history to this complaint is well known to both parties, so I won't repeat all the details here. In summary, Mrs S's mother died in 2013. More recently, Mrs S came across some documents relating to two 'penny policies.' These were taken out in 1934 and 1936 by Mrs S's grandmother, with Mrs S's mother as the life assured. The documents for each policy included a 'memorandum of paid-up policy', which indicated that, upon discontinuation of the premiums, the policies were declared to be 'free paid-up policies' for the sums stated. Those sums, in pre-decimal pounds, shillings and pence, were £2/13/9 and £2/11/4.

Mrs S contacted Scottish Friendly to enquire about the policies. She was told the policies both became paid up in November 1945. And the values on the two paid-up policies were, in decimal, £2.70 and £2.57. Scottish Friendly further said that, as its minimum claim per policy was £10, the payment would be £20.

Mrs S didn't think this could be right, expecting the policies would've accrued interest in the 80 years since they became paid up. She complained. In response, Scottish Friendly said the paid-up values were less than the value that would've been payable had full premiums been received. It further said these were 'fixed sum assured' policies, with the paid-up values being fixed and guaranteed until claimed. No interest was payable on those values. So it could not meet Mrs S's request to provide a value based on today's standards.

Mrs S remained unhappy so pursued her complaint with the Financial Ombudsman Service. Our investigator did not uphold the complaint, concluding that Scottish Friendly hadn't acted unfairly. So on behalf of her mother's estate, Mrs S asked for an ombudsman to review everything and issue a final 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 done so, I'm not upholding this complaint. I appreciate this will be disappointing news for Mrs S and I'm sorry about that, noting particularly Mrs S's comments and wishes in relation to her mother's funeral and the cost of a plaque for her grave.

I'll explain my decision, focusing on the points and evidence I consider material to the outcome. I'm not going to respond to every single point made. No courtesy is intended by this. Instead, I've focused on what I think are the key issues. The rules that govern the

Financial Ombudsman Service - an informal dispute resolution service - allow me to do this. So, if I don't refer to a specific point or piece of evidence, it's not because I haven't read and thought about it. Rather, I don't think it changes things. I'm satisfied I don't need to comment on every detail to be able to reach what I think is a fair and reasonable outcome in the circumstances of this complaint.

Due to the passage of time, there's limited information available. I've seen a number of emails between the parties and I'm satisfied Scottish Friendly sought to assist Mrs S, tracking down the policies and providing information and explanation about their status and what could be done.

I've noted on the policy documents that the sum assured was £15. Scottish Friendly has explained that this assumed all payments would be made, hence why the paid-up values were considerably less. I've not seen anything in the policy documents that indicates interest or bonuses would be accrued on the paid-up values calculated in 1945. In effect, the fixed sum policy meant that when payments stopped and the paid-up values were calculated, the benefits payable were frozen.

I appreciate that, 80 years on, those values are minimal, but I've not seen any evidence to suggest Scottish Friendly has acted unfairly. I can only ask a business to do something different, such as Mrs S has requested, if I think it's done something wrong in the first place. And I don't think that's the case here.

It follows I'm not going to ask Scottish Friendly to do anything further in respect of this complaint. Once again, I'm sorry to send unwelcome news to Mrs S.

My final decision

For the reasons given above I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs G to accept or reject my decision before 26 December 2025.

Jo Chilvers
Ombudsman