

The complaint

Mr P complains about the way ReAssure Limited has administered his whole of life policy. He is unhappy he was required to pay significantly increased premiums for the cover and thinks it is unjustified.

What happened

In 1991, Mr P took out a reviewable whole of life policy with Legal & General (ReAssure have now taken over responsibility for administering the policy). The policy included an indexation benefit, meaning the sum assured and premium increased with in line with inflation.

In 2009, Mr P was sent a letter explaining there had been a problem with the automatic increases applied to his policy. Legal & General apologised and corrected the error and confirmed the total cover was now £106,629 for a premium of £43.31.

The policy was reviewed in 2011. Legal & General wrote to Mr P at this time and the letter provided indicates that the policy failed its review, and as Mr P didn't respond to increase the premium it appears his cover may have been reduced at this point.

The policy was again reviewed in 2016. The review letter sent to Mr P confirmed he would need to increase his premiums to maintain the exiting level of cover (£98,316). It gave him options to reduce the cover and keep the premiums the same, as well as an interim level of cover. Mr P took an option to take a new policy for a further monthly premium of £54.29, to maintain the overall life cover at £98,316. This meant his total premium was now £115.98 (having previously been £61.19).

In early 2021, the policy was reviewed again. ReAssure informed Mr P the cover was at risk and the policy will not support the benefits going forward. It gave him options to increase his premium to £212.10, and also gave information about further increases that would likely be needed in the future (up to £517.73 by 2031) to maintain the cover. It also provided options to reduce the cover and keep the premium the same.

Mr P didn't take up the options, and the policy was surrendered in April 2021 (a value of around £8,800 was paid to Mr P).

Around the same time, Mr P raised a complaint with ReAssure. He raised concerns about how the policy was originally sold to him, and also about the unjustified premium increases.

ReAssure responded to say the complaint about the sale of the policy had been made out of time. It looked into the complaint about the premium increases, but didn't uphold it. In summary it explained how the policy reviews are carried out to ensure the policyholder has options to support the cover and this can require an increase in premium or a reduced benefit. It also said the reviews have been carried out as scheduled.

Mr P referred his complaint to this service for an independent review.

ReAssure informed us it objected to us considering the mis-sale complaint as it had been made too late.

One of our investigators issued an assessment on our jurisdiction explaining we couldn't look at the mis-sale complaint as it had been made too late, but we could look at Mr P's complaint about the premium increases. The parties both accepted the position, and our investigator went on to look into the merits of the premium increase complaint.

Initially, our investigator upheld this part of the complaint and essentially said better information would have led to Mr P surrendering at an earlier point, and recommended a calculation to assess his loss. ReAssure didn't accept this outcome and provided further arguments.

Another investigator re-assessed the complaint, and this time concluded the complaint should not be upheld. In summary she said:

- She had concerns about the information provided to Mr P at the reviews, and found there had been failings in the information provided to allow him to understand the performance and costs of the policy.
- But despite this failing she didn't think better information would have led Mr P to make a different decision about the policy (i.e. surrendered it at an earlier point).

Mr P didn't accept the revised assessment, and asked for an ombudsman to reach a decision on the complaint.

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.

At the outset, I think it would be helpful to confirm what I'm considering in this decision. Mr P has raised concerns about the sale of the policy. I note Mr P has accepted the findings our investigator set out as to why we are unable to consider this part of the complaint. So, in this decision I'm considering the remaining issue in dispute – that is the complaint about the premium increases Mr P feels are unjustified.

At the crux of this complaint is the reviews that have been carried out on the policy during the time it was held by Mr P. The features of the policy taken out meant it was always subject to reviews – and this was set out in the policy documentation I've seen – with the first review after ten years and then at regular intervals afterwards. But it is the size of the premium increase that ReAssure told Mr P about in the 2021 review that has prompted his complaint.

In making this decision, I've taken into account the following standards:

- The FCA's Principles for Businesses, in particular Principle 6 and Principle 7;
- The FCA's Conduct of Business Sourcebook (COBS), in particular COBS 2.1.1R(1) and COBS 4.2.1R(1)
- The FCA's Final guidance on the "Fair treatment of long-standing customers in the life insurance sector" (FG16/8).

With these standards in mind, I think that ReAssure ought to have provided Mr P with clear, fair and not misleading information about the policy. What I've drawn from the guidance is that the communications to Mr P should have included key details about the policy such as

its performance, the value of its underlying fund and any fees and charges that had been applied. And it should have provided this information within a reasonable time frame.

ReAssure has provided limited information in relation to the earlier reviews of the policy. The first information relating to reviews I've seen is from 2011. This means it hasn't been able to show how it met its obligations in terms of meeting Mr P's information needs up to this point.

I've considered the information available from the time of the 2011 review. The evidence supplied doesn't appear to be the full review letter but rather follow up correspondence after the review as Legal & General hadn't received a reply. It is apparent from the information I've seen that the review outcome was that the current premium wasn't sufficient to support the sum assured. As a result of this, the letter said the cover would be reduced. So, it does appear the cover was reduced at this point. What this letter didn't explain, was the point had been reached where the cost of providing the cover was now more than the premium being requested.

I've also looked at the letter sent at the 2016 review. As described above, this review letter indicated Mr P would need to increase his premiums to maintain the existing level of cover. It gave his options to reduce the cover and keep the premiums the same, as well as an interim level of cover. Mr P took an option to take a new policy for a further monthly premium of £54.29, to maintain the life cover in place. This meant his total premium was now £115.98. The letter did explain, whatever option was selected, at the next review (in 2021), it is likely future premium increases would be needed. But no information was given here about the cost of the cover, or an indication of how long the cover could be maintained at the existing premium level.

The 2021 review letter also indicated changes were needed. The letter gave similar options to increase the premium or decrease the cover. It also provides further information about what future premiums might look like if the policy was to remain at the current level. This did indicate significant premium increases were likely to be needed in the future and this is what prompted Mr P to complain and decide to surrender the policy.

As previously noted, ReAssure hasn't been able to provide any information relating to the earliest reviews, so I can't be sure that it did meet all of Mr P's information needs. Specifically, I haven't seen whether there was information he should have known about that was available to ReAssure about the performance of the policy. The 2009 letter Legal & General sent about errors in the indexation being applied, did briefly mention the fact there would be regular performance reviews and Mr P may need to pay an extra. But it provided nothing further specific to Mr P's policy, and the performance at that time, or about how the cost of providing the cover had been increasing.

The earliest review relate communication I've seen is from 2011, and then also the 2016 and 2021 review letters. Having reviewed all the available information ReAssure provided to Mr P, before 2021 there isn't much evidence to show it did give him information to understand what the future changes were likely to be needed to maintain the cover. I also haven't seen that ReAssure provided information to set out the current level of charge for the life cover or a projection of what it might be in the future. And before 2021, it didn't give an indication of how long the cover might last if no changes were made and only the default reduction in the sum assured was applied.

But even if I accept there were failings in the information provided to Mr P as part of the reviews, I don't think this would have led to him taking different action. I'll explain why.

I'm not persuaded if better information was given sooner about the policy would have led Mr P surrendering at an earlier point. Mr P has explained he didn't have a specific purpose for

taking out the policy but wanted to take advantage of a large sum assured, that would fall into his estate – at a low cost. So, it does seem that the outcome of the 2021 review was the point when that changed. Prior to the 2021 review, there is evidence available from the reviews completed in 2011 and 2016 that the policy required changes as it couldn't be maintained on the existing basis. The policy continued after these reviews despite this, so it does appear the policy was still meeting Mr P's objective of a cost-effective way of providing life cover. This supports him wanting to continue paying for the cover (rather than surrender the policy), while it still met his objective.

At the 2016 review Mr P chose to increase his premiums by around £50 per month. The fact he made this decision in 2016, doesn't suggest he was considering a surrender despite a doubling of his premiums from the level prior to this review. ReAssure has provided details of a call note from a conversation Legal & General had with Mr P in February 2016 following the review letter. This says it discussed with Mr P the possibility of future premium increases, but this wasn't something that could be projected at present as it depended on the fund value at the time of the next review. This, in my view, further indicates that Mr P was happy to continue with the policy despite the premium increases and wasn't looking to surrender while he found the increases affordable and the level of cover of good value for the premiums required. It was only when the premiums increased further and more significantly (to over £200 per month) did he decide it wasn't of value going forward and chose to surrender.

So, despite my concerns that ReAssure hasn't demonstrated how it met its obligations, I haven't found reason to say it needs to do anything further. This policy was always subject to review. I acknowledge Mr P is upset when he found out about the significant increases required to maintain the cover for the whole of his life. The situation is as a result of several factors – including policy performance and increases in the cost of providing cover. For the reasons given, I don't think better information would have led Mr P to make a different decision about the policy. This means I don't find ReAssure needs to do anything to put things right.

My final decision

For the reasons provided, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 December 2025.

Daniel Little
Ombudsman