

The complaint

The estate of Ms G has complained that Aviva Life & Pensions UK Limited ('Aviva') allowed the late Ms G's life cover to lapse without any communication or paying any benefits. To put the matter right Aviva should pay out the benefit of the policy plus interest and legal costs the estate has incurred.

The executors of the estate – Ms G's sons – are represented in bringing the complaint but I will refer to the executors and estate in my decision as appropriate.

What happened

The late Ms G – and her husband – took a Flexible Bond with Life Cover with Aviva in June 1998. They paid a single premium of £16,000 for a sum assured on death of £124,800 on a last survivor basis. The premium was invested into a with-profits fund and held in trust.

Mr G predeceased Ms G who died in 2023 after which her executors found out about the policy and that it had lapsed in 2019 and as a result, no benefits were payable. They complained to Aviva that it hadn't handled the administration of the policy well when it knew Ms G was vulnerable with diminished capacity. Ms G only received notice that the policy would lapse five months prior to the event. She was in a nursing home at the time. Aviva had been informed Ms G wasn't well and additional measures should have been taken.

Aviva replied on 9 December 2024 not upholding the complaint. It said;

- The cost of the cover was deducted from the policy, thereby reducing the number of investment units held. After five years, annual reviews were carried out to check the fund value and cost of cover.
- The May 2018 review estimated the plan would run out in 19 months and the letter to Ms G advised the policy would end without any value and life cover cease unless action was taken
- A further letter was sent in May 2019 saying the policy only had five months remaining. No response was received so the bond ran out and life cover ceased in October 2019.
- It gave details of contact with Ms G and her financial adviser. And that Ms G's son had been contacted prior to the policy lapsing to ensure the annual review was received.

Remaining dissatisfied the executors brought their complaint to the Financial Ombudsman Service. Our investigator who considered the complaint didn't think Aviva needed to do anything more;

- She detailed the terms of the policy and how it worked. Reviews were carried out as they should have done to decide if the life cover was sustainable. The reviews were sent to Ms G's home address and her financial adviser.
- Ms G went into care in 2017 and a claim was made on her long-term care policy with

Aviva. But there was no change to her registered address for the Flexible Plan. Correspondence to Ms G's home address was attended to and her financial adviser also received the same.

- Ms G's son called Aviva on 29 October 2019 to advise of a Power of Attorney now in place and he was given information about how to register that and how to change the postal address.
- Aviva needed to be told if adjustments were needed and it wasn't Aviva's responsibility to assess whether action was needed for the activation of Ms G's long term care policy. It would only act upon instructions.

The executors didn't agree;

- They only became aware of the policy after the death of Ms G.
- The letters of 25 June 2018 and 24 June 2019 didn't prominently make clear the life cover sum assured which meant the executors didn't know of the death benefit value.
- Only one letter of notification of the lapse of the policy didn't treat the customer fairly.
- The activation of Ms G's long term care plan should have alerted Aviva to her vulnerability and it had a duty to flag all her accounts and be proactive in the customer's best interests. Measures should have been taken to ensure Ms G was capable of making decisions or that a third party was managing her affairs.

The comments didn't change our investigator's view of the complaint, so it has been passed to me to decide in my role as ombudsman.

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.

After doing so, I've reached the same conclusion as the investigator and broadly for the same reasons. I'll explain why.

Looking at the complaint and the circumstances that have given rise to it, to my mind the crux is that Ms G's sons weren't aware of the policy and in particular the life cover benefit until after the death of Ms G.

So I've considered what information Aviva provided to Ms G and whether, once having taken control of Ms G's affairs after she went into long term care, her sons were given sufficient information for them to have been reasonably aware of the policy in order for them to have acted on their mother's behalf if they had wanted to. And I've also considered whether Aviva acted fairly and reasonably in its dealings with Ms G.

For this type of policy, the premium is invested into a with-profits fund and the units of which are used to finance the cost of the life cover. As the policy holder gets older, the cost of the life cover increases. Aviva would periodically check whether the premium was still sufficient to provide the cover and send a review outcome letter to the policy holder. If the premium wasn't sufficient Aviva would offer the policy holder the option of leaving the policy as it is, reducing the life cover or adding further premiums to maintain the original life cover amount. In line with this Ms G was initially written to with the outcome of the review on 26 May 2006 and after that similar review outcome correspondence was sent to Ms G – and her financial adviser – in October 2014, May 2015, May 2016 and May 2017.

In October 2017 Ms G moved into long term care and in December 2017 her long term care plan with Aviva was activated. No instruction was given to Aviva for Ms G's address to be changed at that time.

Ms G's son was then given authority by Ms G to act on her behalf in January 2018.

In May 2018 Ms G was written to at her home address – and her adviser – to advise of the outcome of the policy review and that the value would run out in 19 months. Aviva wrote again in May 2019 to confirm the policy would lapse in five months, and Ms G should contact her adviser if she wanted to continue with policy.

Ms G was then written to again on 23 October 2019 to say the policy was no longer in force and the life cover had ended. Ten days later one of Ms G's sons contacted Aviva as he now had Power of Attorney and needed information about where to send it. During the call Mr G's son made clear Ms G had more than one policy with Aviva – the long term care policy – which he had activated the previous year. Aviva advised during the call how the Power of Attorney should be registered.

During the call Ms G's son also referred to a letter that had recently been opened by Ms G's sister – I assume the letter of 23 October 2019 – which confirmed the bond had come to an end and he sought guidance because it wasn't known what the policy was. But as it had lapsed and life cover had ended Aviva's call handler confirmed there was nothing more to be done.

The executors told us they didn't change Ms G's postal address after she went into long term care as they say she didn't have the capacity to deal with her affairs so it wouldn't have been appropriate to do so. So, I can only assume they were confident that Ms G's correspondence would be dealt with and listening to the call made by Ms G's son its clear correspondence sent to her home address was being opened and read by her family after Ms G entered long term care in October 2017.

And it was after Ms G went into care that Aviva wrote to Ms G's registered address in May of 2018 and 2019 with review outcomes and to advise of the lifespan left on the policy unless action was taken. The executors say they didn't know what the policy was or its life cover value but if they didn't understand it, they had the opportunity to raise this with Aviva after Ms G's son was given authority to act on her behalf in January 2018 but there's nothing to show that they did. But I can't see that this Aviva's responsibility.

Nor do I agree its Aviva's responsibility that Ms G's family chose not to change the registered address for the life policy correspondence after she entered long term care. But its evident Ms G's post was being handled by the family and there's no reason for me to think the review outcome letters weren't received and read – they were correctly addressed and to the address used for many years – and its known subsequent correspondence was received.

And I am satisfied the outcome review letters made clear what the policy was and that action needed to be taken if the policy was to be maintained. The 16 May 2018 letter stated;

'You bond provides life cover.

The cost of this life cover is met by deducting some of the units each month.

We review your bond regularly to see how long the life cover might last, based on certain assumptions about future growth.

Enclosed is the latest review from which you will see that **the value of the units held in the bond has diminished to the point where we expect it to run out completely within the next 19 months.**

If and when this happens, the bond will terminate without any value and you will no longer have life cover.

If you want the bond to continue, then you could do either of the following:

- Reduce the life cover
- Make a further investment into the bond as shown in the review

We strongly recommend you discuss the matter with your financial adviser.’ [original emphasis]

Aviva wrote to Ms G on 29 May 2019 further to the above to confirm that it had;

‘...again reviewed your bond and we now project the number of units held is sufficient to support the life cover of £124,800 only until 19 October 2019.

This means that unless a further investment is made into the bond before that date, it will then cease to be in force and you will no longer have life cover.’

Ms G was written to again on 23 October 2019 to confirm the bond was no longer in force and the life cover had ended. Ms G’s sons say that letter didn’t state the value of the policy so they had no idea why the policy had been taken out. I accept that letter only refers to the lapsing of the policy – so there was nothing they could do – but the executors haven’t provided any comment about what they didn’t understand about the review outcome letters.

They have only said they weren’t aware of the amount of the cover because it wasn’t shown on the front page but this is with reference to the annual statements that were sent to Ms G’s address on 25 June 2018 and 24 June 2019 and in addition to the review outcome letters. And I’ve also borne in mind that Ms G’s independent financial adviser was also written to with the policy review outcomes, and I don’t think it unreasonable to assume he would have been fully aware of the policy – and what it was – so Ms G’s sons could also have referred to him if they were unsure.

Ms G’s long term care plan held with Aviva was activated in December 2017 and the executors say that this should have alerted Aviva that she was a vulnerable customer and additional measures should have been taken to ensure Ms G was either capable of making decisions or that a capable third party was managing her affairs.

But I disagree. Ms G’s son had provided Aviva with a letter of authority in January 2018 to act on her behalf, so a third party was in place to manage her affairs. And the family had decided not to have Ms G’s post redirected as they were handling it and I’ve seen nothing to suggest the mail wasn’t being received. I don’t agree it was Aviva’s role to proactively take any different action without further instruction. It was aware Ms G’s son had authority to act on her behalf and had no reason to think her post wasn’t being received – and we know that it was. So, I don’t find Aviva did anything wrong in not taking further action in its administration of the policy or its treatment of Ms G.

Overall, I don’t find Aviva needs to do anything more. There was nothing to suggest that Ms G’s affairs weren’t being dealt with by her family or her mail not being received. In its role as administrator of the policy Aviva didn’t receive any instruction to act any differently than it did. I’m satisfied the review outcome letters were clear and were correctly addressed. Aviva

carried out the regular reviews and reported the outcomes as it should have done by writing to Ms G at her registered address and also Ms G's adviser.

It follows that I don't uphold the estate's complaint. No doubt this will be disappointing for the executors, but I hope I have been able to explain how and why I have reached my decision.

My final decision

For the reasons given, I don't uphold the estate of Ms G's complaint about Aviva Life & Pensions UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Ms G to accept or reject my decision before 13 February 2026.

Catherine Langley
Ombudsman