

The complaint

Mr A complains Scottish Widows Limited (Scottish Widows) withdrew its agreement to extend his income protection insurance policy.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

For a number of years Mr A held an income protection policy provided by Scottish Widows. In January 2025 Scottish Widows wrote to Mr A to make him aware his policy was due to expire in April 2025. Following discussions with Mr A, Scottish Widows agreed to extend Mr A's policy until 2034.

In May 2025 Scottish Widows sent Mr A letters to say Mr A owed outstanding premium. However, it subsequently told Mr A his policy had been cancelled. Mr A raised a complaint.

On 17 July 2025 Scottish Widows issued Mr A with a final response to his complaint. It said it was incorrect to advise him that it was able to extend his policy as Mr A had an ongoing claim. It acknowledged it had provided incorrect information about this, and had incorrectly sent him letters saying his policy was in arrears. It said it had paid Mr A two months additional claim benefit along with £500 compensation. Mr A referred his complaint to this Service.

Our Investigator looked into things. She said she was satisfied Scottish Widows were unable to extend Mr A's policy and it had made an error when it agreed to do so. She said she thought the compensation Scottish Widows had paid was reasonable in the circumstances.

Mr A didn't agree with our Investigator. He provided call recordings which he said demonstrated the policy extension had been agreed by Scottish Widows. He also provided medical evidence and said his medical conditions had worsened.

As no resolution was agreed, the complaint has been passed to me to decide.

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.

I want to acknowledge I've summarised Mr A's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focused on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr A and Scottish Widows I've read and considered everything that's been provided.

It seems accepted by all parties that Mr A's policy was due to expire in April 2025. Prior to the policy expiration Mr A requested for the policy to be extended and following a number of conversations this was agreed by Scottish Widows.

Scottish Widows has said the extension to his policy was agreed in error. It has said there are occasions in which its underwriters may agree to extend a policy, but as Mr A was in receipt of benefit under the policy at the time, the extension shouldn't have been agreed. Mr A has pointed to several telephone conversations where he was told his request for an extension was being investigated and subsequently agreed. He said at no point was he told there were any internal restrictions which meant his policy couldn't be extended.

Whilst I think there are occasions in which Scottish Widows would extend a policy, I'm persuaded, given Mr A's circumstances, its decision to extend his policy was an error. At the time Mr A's policy was due to expire he was in receipt of benefit, which also meant any premium due toward the policy was waived. So, it would make little sense from Scottish Widows's perspective to agree to extend a policy in these circumstances as it would mean it would be continuing to pay benefit which would otherwise have ceased when the policy expired.

Scottish Widows has acknowledged it made an error when it agreed to extend Mr A's policy. It also said it made an error when it sent Mr A letters saying his policy was in arrears. It has said it has paid Mr A an additional two months claim benefit and £500 compensation. So, I've considered whether I think this is reasonable to acknowledge the impact to Mr A.

When a business makes an error, requiring it to honour the mistake it has made doesn't always lead to a fair outcome. So, I've considered the position Mr A would have been in had it not been for the errors Scottish Widows made.

I'm satisfied Mr A should have been told his policy couldn't be extended, and the policy should have expired in April 2025. So, as I think the policy should never have been extended, I think it's fair Scottish Widows has now treated the policy as lapsed. However, I think Mr A has been caused distress and unnecessary inconvenience due to Scottish Widows's errors.

Due to the misinformation Mr A was provided about his policy, he has suffered the distress of believing his policy had been extended, only to later learn this was an error and his policy would be ending. This would have been particularly distressing given Mr A would have been expecting to continue to receive benefit under the policy. Further confusion was then caused when he received letters telling him his policy was in arrears.

Mr A has provided medical evidence which shows he suffers from a number of medical conditions, and he has said his health has worsened. The letter Mr A has provided from his GP says Mr A has reported his condition has worsened but doesn't provide any detail about this. So, I don't think this demonstrates Mr A's condition has worsened primarily due to Scottish Widows's errors. However, when deciding reasonable compensation, I've taken into consideration that Mr A suffers from a number of medical conditions and his testimony about the impact Scottish Widows's errors have had on him.

Based on all of the evidence provided, I think it's fair Mr A is compensated, however I think the £500 compensation, and additional two months of claim benefit Scottish Widows has paid is reasonable in the circumstances. I think compensation of this amount is reasonable when a business's errors have caused considerable distress and upset which I think is the case here.

I'm aware this will be disappointing for Mr A, as I know he would like Scottish Widows to reinstate and extend his policy. However, for the reasons I've explained I don't require Scottish Widows to take any further action in relation to Mr A's complaint.

My final decision

For the reasons I've outlined above, I don't uphold Mr A's complaint about Scottish Widows Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 January 2026.

Andrew Clarke
Ombudsman