

The complaint

Mr and Mrs M complain Aviva Life & Pensions UK Limited (Aviva) made mistakes when taking premium payments for their reviewable whole-of-life (RWOL) policy and caused delays in updating their cost of living increase (COLI) on their policy.

What happened

Mr and Mrs M took out a RWOL policy with Aviva in 1987. They paid a monthly premium of £20 a month in return for the sum assured the policy provided. This policy was reviewable and allowed Mr and Mrs M to request an indexation increase, which Aviva called a COLI.

Aviva had been taking premium payments from Mr and Mrs M by direct debit. But from June 2021 Aviva stopped taking premium payments from that account, with those being instead charged by Aviva to another individual.

Also around this time, Mr and Mrs M completed a form asking Aviva to apply its indexation to the policy, adjusting the premium and level of cover, presumably as these tend to do, in line with inflation. Despite Aviva receiving the request following the 2021 review, it wasn't until around nine months later that it implemented the requested adjustment.

Dissatisfied with Aviva's handling of their policy, Mr and Mrs M complained to the firm. Aviva issued its final response explaining that its administration team had overlooked their COLI request in 2021 and because of that, it had been missed but the premium and sum assured had now been updated. It also said the payment issue was caused by system issues. And to apologise for trouble it had caused, offered Mr and Mrs M £400 by way of an apology.

Mr and Mrs M remained dissatisfied and asked for our service to consider their complaint further. One of our Investigators looked into the matter but thought the offer Aviva had already made was fair. He agreed that Aviva had provided a poor service in both the aspects complained of but that the policy had remained in force throughout and the offer already paid to Mr and Mrs M fairly reflected the distress and inconvenience caused.

Responding to our Investigator, Mr and Mrs M disagreed with the outcome he reached. In particular that they had been calling Aviva often during this period to resolve those matters, which continued for a long time to remain unresolved. They were also unhappy Aviva was requesting the premiums which hadn't been taken, £2,243.85, to be repaid in a lump sum, rather than allow them a longer period of time to repay this amount into their policy.

As our Investigator's opinion remained unchanged Mr and Mrs M asked for an Ombudsman to decide their complaint. My colleague Ombudsman issued a provisional decision which set out his intention to direct Aviva to agree a monthly payment plan with Mr and Mrs M to repay the outstanding premiums over a more reasonable period, with any position damaged by those premiums not being taken to be rectified on repayment of them. He also thought Aviva should pay a further £100 to more fairly reflect the impact these issues had on them.

Aviva accepted that provisional decision, Mr and Mrs M didn't as they felt the impact of those issues weren't fairly reflected in the compensation my colleague thought reasonable. Mr and Mrs M have since surrendered and encashed their policy in January 2025.

As their other complaint outcome could materially affect the outcome reached in this complaint, that provisional decision wasn't made final. As I've decided their other complaint related to this policy and as the parties aren't in agreement on how to resolve this matter, this complaint was passed to me to decide.

I reached a different outcome to our Investigator on this complaint and issued a provisional decision to explain I would be upholding this complaint. In that I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In my decision on Mr and Mrs M's other complaint about their RWOL policy, I concluded that they would've surrendered this policy in 2015 had clearer information been provided to them. The impact that has on this complaint then is much of the events complained of wouldn't have happened had that surrender happened when I say it likely would've. I say this because both the premiums not being taken and the delays in implementing the COLI request both occurred after that point in time.

I've thought about firstly what this means for the premiums not being taken. The parties are in agreement that this issue shouldn't have happened, but disagreed on how this should be put right.

As I've decided in their other complaint this policy would've stopped in 2015, they shouldn't have paid premiums after the 2015 review. It follows then the premium repayments Aviva say Mr and Mrs M need to reimburse between June 2021 and March 2023 no longer require repayment as I've provisionally directed Aviva in the other complaint to refund the premiums paid since 2015. Which would naturally include the premiums it requested to be repaid here. As nothing further is due from Mr and Mrs M, I intend to say Aviva can't require repayment of the premiums between June 2021 and March 2023 from them.

Turning now to the COLI delay. Similar to the above, given the policy would've likely been surrendered in 2015 the COLI requests wouldn't have happened. But I've considered the impact of those delays regardless and not seen evidence that demonstrates Mr and Mrs M's policy was disadvantaged by that delay where Aviva did later update their premium and benefits to reflect that change.

It's possible that because of the delay affecting the premium being paid, there could've been an impact to the investment value or the results of any reviews occurring prior to the premium and sum assured being updated. But I'm satisfied the award I've proposed in my provisional decision on Mr and Mrs M's other complaint about the reviews would in any event put that right given I've said in that Aviva should put them in the position they would be in had the policy been surrendered in 2015.

While that creates a position where the policy shouldn't have been in place when the matters around the premiums not being taken and the COLI delay occurred, that doesn't undo the reality that Mr and Mrs M were inconvenienced by those matters as and when they happened. I've considered then what impact the service Aviva provided had on them and how it should fairly put that right here.

Aviva has explained the premium issue was caused by system issues and the COLI delay due to its administration team not implementing it. Mr and Mrs M say they had spent around two years trying to resolve these issues which included many phone calls, which left them with assurances that matters would be resolved, but weren't.

Aviva considered £400 fairly reflects the inconvenience caused, but I don't agree. In my view the two issues occurring at a similar time, lasting over a year and both requiring Mr and Mrs M to continue to pursue where Aviva wasn't resolving those problems, which were of its own creation, were both inconvenient and aggravated this matter. When considering that I think an amount of £500 fairly compensates the effort and frustration Aviva caused Mr and Mrs M over that period given the period of time that spanned and its inaction causing them to repeatedly communicate with Aviva about these matters over that period.

While I've not been provided with evidence of those contacts, Aviva hasn't disputed they happened or looked to provide evidence to show otherwise. I note it agreed to my colleagues increased offer for the same amount I intend to award, rather than submitting evidence to the contrary. In deciding this point then, without evidence to demonstrate otherwise, I find Mr and Mrs M's testimony about those communications likely occurred in the manner and frequency as they've said. If Aviva has evidence to dispute the frequency of contact from Mr and Mrs M in dealing with this matter, it should provide that in response to this decision.

It follows then I intend to say that as the issue taking premiums and the impact of the COLI delay will be resolved indirectly by my decision in Mr and Mrs M's other complaint, I don't intend to require Aviva to do anything more as part of this decision to put those matters right. However as those matters caused Mr and Mrs M the inconvenience I've set out above, I intend to award compensation of £500, less anything already paid, to reflect the impact the service Aviva provided Mr and Mrs M with around those matters had on them.

Putting things right

Given what I've said above I intend to direct that Aviva no longer pursue the repayment of the premiums between June 2021 and March 2023, and that it pays them £500 to compensate them for the inconvenience caused, less anything already paid to them already in the matters covered by this decision."

Neither party responded to my provisional decision, instead concentrating their responses to their other linked, but different, complaint about this policy, which I have addressed in that 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 reviewed this matter again and as my final decision on their linked complaint is they would've surrendered their policy in 2015, my conclusion on this complaint remains those I reached in my provisional decision as above.

It follows then my final decision is what I said in my provisional decision above.

Putting things right

As my conclusion hasn't changed from my provisional decision, I'm directing Aviva to settle this complaint as I set out in my provisional decision.

That being Aviva is not to pursue the repayment of the premiums between June 2021 and March 2023. And that it pays Mr and Mrs M £500 to compensate them for the inconvenience caused, less anything already paid to them already in the matters covered by this decision.

My final decision

I uphold Mr and Mrs M's complaint and direct Aviva Life & Pensions UK Limited to settle the complaint as I've set out above,

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 14 January 2026.

Ken Roberts
Ombudsman