

The complaint

Mrs P complains about the way ReAssure Limited has administered a whole of life policy. She is unhappy that following a review in 2023, she was told her premiums would need to double or the sum assured would be reduced significantly. She wasn't expecting this type of change after being told at previous reviews changes weren't needed.

What happened

In June 1988, Mrs P took out a reviewable whole of life plan with American Life (which is now ReAssure) with a sum assured of £88,500 for an annual premium of £600 (later changed to £50 monthly).

The policy schedule confirmed the policy was reviewable, with the first review due on the tenth anniversary and then at regular intervals afterwards.

The first review letter available is from 2006. This said the policy was set up with a standard sum assured and this assumed the level of cover could be maintained throughout the duration of the policy without any need to increase the premium, but this can't be guaranteed. It confirmed the review had indicated the sum assured was sustainable on the current level of premium, so no premium amendment was needed.

Further reviews were carried out over the following years. The outcome of all of these reviews (up to 2019) was that the sum assured was sustainable on the current level of premium, so no changes were made to the premium or level of cover.

The 2019 review letter (sent in July 2019) said not all of the regular reviews that should have been carried out on the policy have happened when they should have. It said a review had now been carried out and confirmed the premium no longer supports the policy benefits, so the amount of benefit had been reduced from £88,560 to £85,508.51.

Around the same time a 2019 statement was sent. This also gave Mrs P further information about the policy. This provided the unit value of the policy and surrender value. It set out the costs of the policy; this indicated the monthly costs at this point were £116.88 (£114.38 for the cost of life cover and £2.50 in policy charges) and the premium was £50. It also gave an indication for how long the cover will last for based on three growth assumptions. This stated the policy was expected to last for four years at all three levels. Further unit statements were sent in 2020, 2021 and 2022 giving the same updated information.

The 2023 review letter informed Mrs P that the cover was at risk, and the policy will not support the benefits going forward. This provided options for her to consider. It gave the option to either increase the premium to £116.76, reduced the sum assured to £32,581, or surrender the policy. After this review the sum assured was reduced.

Following this Mrs P raised concerns about both the sale of the policy and the review outcome. ReAssure responded to the mis-sale complaint but said any concerns about the reviews would need to be complained about separately. It paid Mrs P £300 in compensation

for a delay in responding to the concerns about the 2023 review, but overall said the review had followed the correct procedure.

Mrs P referred her complaint to this service. We reviewed the mis-sale complaint under a separate reference and set up a new complaint regarding the review outcome.

I issued a provisional decision in December 2025. This is what I said:

“At the crux of this complaint is the policy reviews that have been carried out during the time it has been held by Mrs P. The features of the policy taken out meant it was always subject to reviews – and this was set out in the policy documentation. ReAssure has provided a copy of the American Life policy schedule document which sets out the terms and conditions. Section 7 ‘Policy Review’ confirms policy reviews will be carried out from the tenth anniversary and then every subsequent at least every five years. It also explains the policy could be altered at review with premiums increased or benefit reduced. So, I find ReAssure was entitled to review the policy – and it was always possible changes might be needed as part of the review outcome.

I’ve gone on to look at how ReAssure has administered the policy – particularly in relation to the reviews. 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 Mrs P with clear, fair and not misleading information about the policy. What I’ve drawn from the guidance is that its communications to Mrs 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 they should have provided this information within a reasonable time frame where the costs of the policy overtook the premiums being paid.

The first review was due to be carried out in 1998, with reviews being carried out regularly after that. I’ve not seen any of the early review communications, this means ReAssure hasn’t been able to show how it met its obligations in terms of information. But as the premium and cover remained at the original levels, I’ve assumed the outcome of these reviews was that no changes were needed.

The first review letter I’ve seen was from the 2006 review. This letter explained no changes were needed and the sum assured was sustainable on the current level of premium, so no premium amendment was needed. No other information was provided, beyond a warning that while if you selected the standard sum assured it was assumed the level of cover could be maintained throughout the duration of the policy without needing to change the premium, but this wasn’t guaranteed. I’ve seen there were further reviews in 2008, 2009, 2010, 2011 and 2012. The review letters on each occasion provided the same information – confirming no changes were needed after the review, but little else about the policy performance.

After ReAssure took over the policy reviews were missed until it sent a letter to Mrs P in 2019 to apologise for missing reviews. This letter confirmed it had reviewed the policy, and as a result the sum assured would be reduced from £88,560 to £85,508. But no further information or options going forward were given to Mrs P.

ReAssure also sent annual statements in addition to review letters to Mrs P. I've seen from 2019, the statement provides information about the cost of the policy. This letter showed the premium was £50 and the charges were £116.88. So, information was given from this point that the costs of the policy were outweighing the premiums paid by more than double. It also set out using growth assumptions, that Reassure expected the policy to only last for another four years. This information was updated and provided in the 2019, 2020 2021 and 2023 statements.

The next review, which prompted the complaint was carried out in 2023. This is where Mrs P was told she was required to increase her premium by more than double or see the sum assured reduce by nearly two thirds. As she didn't increase her premium the cover reduced significantly. But she did keep the policy going, suggesting it was still required.

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 Mrs P's information needs. While there isn't an indication of failed earlier reviews, it does still mean I can't be sure whether there was information Mrs P should have known about that was available to ReAssure about the performance of the policy.

Having considered the review letters ReAssure has provided to show how it communicated to Mrs P, I think the level of information has been insufficient. For example, whilst the reviews weren't misleading when telling Mrs P where changes weren't required, they weren't clear because they didn't set out any of the key information about the costs of the policy or how those costs were increasing. The 2019 review did require changes but didn't explain much else – or give any real detail about the policy performance.

More information was provided in the statements from 2019 onwards, but I've not seen any of the earlier statements made up for the information that was missing from the review letters, and without it, Mrs P was unable to see how the policy was performing and, importantly, how the costs of the policy were increasing. While this did change in 2019 as information on the costs was given in annual statements, this information was missing for the majority of the time Mrs P has held the policy.

As part of our investigation ReAssure has provided details of how the costs of the policy were increasing in comparison to the premiums being paid. From the information provided by ReAssure, it seems as early as 2007 the costs of providing the life cover for the policy were starting to exceed the premiums being paid. This information should have been provided to Mrs P soon after this tipping point was reached, and on an ongoing basis. As it wasn't provided until 2019, I do find ReAssure has failed to meet its obligations in terms of Mrs P's communication needs.

But, at the same time, I'm not persuaded that clearer information would've made a difference to Mrs P. I'll explain why. Mrs P has provided further information about her circumstances since taking out the policy. She has explained the policy was taken out to give financial security to her family in the event of her death. And this objective hasn't changed – and if anything, the family has grown, and she wanted to have something in place for them. I haven't seen anything to indicate she question the sum assured reducing in 2019 after review. She has also kept the policy going after the outcome of the 2023 review. This all indicates to me that she valued the cover as it provided security for her family. In my view, the need for cover remained at the points of the policy reviews. So, I think this supports Mrs P still valued and wanted to keep the life cover going while there was a benefit of value for her family.

While our investigator's view was that Mrs P would have considered surrendering the policy in 2008 if she had clearer information, I'm not persuaded the evidence supports this is the

likely action she would have taken. Her submissions indicate the benefits provided by the policy were important to her, so I don't think she would have given these up by surrendering the policy prematurely. For example, when her statements started giving further information about how the costs of the policy were substantially more than the premium she was paying, she continued with the policy. So, it seems more likely to me she would have kept the policy in place in 2008 too if she was given clearer information, rather than lose the cover completely as she still had a need for the amount of cover being provided.

I also don't find it likely she would have made any significant changes to the policy by increasing her premiums or reducing the sum assured if she was given better information sooner. She wasn't happy to increase her premiums after the 2023 review to £112, and she has told us she could have potentially afforded to increase her premiums by £20 per month in 2008. From what I understand of this type of policy and its actual performance since it was taken out, I think the premium increase required to keep the policy at the original level would have been higher than Mrs P wanted to pay. And even in the situation where ReAssure did provide clear information at the earlier reviews, it would only need to give her the information and then it would be for her to make proactive changes based on the information. It doesn't seem from the evidence, Mrs P would have made those changes while the original premium was still able to provide the initial level of cover."

Mrs P's representative responded on her behalf. They expressed that they felt compensation was due and provided further submissions for me to consider. In summary they said:

- Mrs P has kept the policy going since 2023 because she thought it would jeopardise the complaint if the policy was cancelled.
- If she knew the policy was not performing as it should be back in 2007, she would have cancelled the policy at that time in the knowledge that the premiums would need to be increased significantly to maintain the level of cover.
- ReAssure did not provide sufficient information.
- She would have looked into other options at the time and not continued with the policy as the lump sum had reduced so much.

ReAssure hasn't provided me with anything further to consider.

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've re-considered everything in light of the further arguments Mrs P has provided in response to my provisional decision. But I haven't found reason to alter the findings I set out. I'll explain why.

For the reasons set out in my provisional decision, my finding is that there have been failings in the information provided to Mrs P during the time she has held the policy. So, I'm in agreement with her that ReAssure didn't provide sufficient information at the time it should have done. What I haven't found though is that clearer information would have led her to take different action. Where there is uncertainty of what would have happened, I'm required to make a judgement based on the balance of the evidence I have available.

In hindsight it would have been beneficial financially for Mrs P to surrender the policy sooner as she would have received a greater surrender value. And I acknowledge that she now says she would have cancelled the policy in 2007 if she knew the premiums would need to be increased significantly. But I need to reach my decision without using the benefit of hindsight. I find that the evidence indicates that she did need and want the cover, particularly

when it could still be provided at a premium that was the same as the original amount. Her submissions indicate she wasn't seeking to pay higher premiums. Mrs P received more information about the costs of the policy in 2019, showing that the cost of the cover was now significantly greater than the premium being paid in, but this didn't lead to her making any changes. So, I think if this information was provided in 2007 at the point the costs had just overtaken the premiums it is likely she would have done the same thing and not taken action immediately. It was only when the premium was required to increase significantly, did she reassess the value of the policy.

I acknowledge that Mrs P has kept the policy going since 2023 as she thought it would jeopardise her complaint. This is understandable, but I don't think this in itself is sufficient to change the findings I've previously set out.

In conclusion, I haven't been persuaded it's likely Mrs P would have made any changes to the policy or surrendered it even if she had been provided with sufficient information earlier. I understand this will come as a disappointment to Mrs P, but I'm not persuaded ReAssure needs to do anything further.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 15 January 2026.

Daniel Little
Ombudsman