

The complaint

Mr A complains that Phoenix Life Limited (Phoenix) treated him unfairly when he made a claim on his Life Assurance with Terminal Illness Policy. And he also complains that it had treated him unfairly when it increased the monthly premium payments on his policy.

What happened

The events which led up to this complaint are well known to both parties, so I'll give just a broad overview here.

Mr A took out a Progressive Protection Plan in 1997 which covered him for both life and terminal illness.

On 5 October 2022, Phoenix received a letter from Mr A asking it for information and guidance to support a potential health claim on his policy. He enclosed a recent medical report and wanted to know if the details applied to his policy.

Phoenix replied the next day explaining that, under the terms and conditions of the policy, it would need further information before it could assess whether a claim would be eligible. Phoenix explained that the policy covered Mr A for terminal illness and it wasn't clear, from the information he'd sent it, if his condition met the criteria for a successful claim. It went on to suggest Mr A discuss the required criteria for a successful claim with his doctor and then make a claim if he thought his medical condition would qualify.

On 24 February 2025, Phoenix received a further letter from Mr A. This letter provided Phoenix with a doctor's letter he said he'd sent Phoenix in 2007, and a medical report from 2024. Mr A said he'd not received any feedback since he sent the letter in 2007 and wanted to know if the information he'd enclosed was sufficient to make a claim against his policy. Phoenix responded in a letter it wrote to Mr A on 4 March 2025. It enclosed a copy of the letter it had sent him on 6 October 2022. This letter described the policy definition of "terminal illness" and said it would send a claim form to Mr A if, on reflection, he considered his condition met this definition.

On 7 March and 10 March 2025, Mr A contacted Phoenix chasing a response to his letter Phoenix had received on 24 February 2025. And it wasn't until after this date that Mr A received the response letter Phoenix had written on 4 March 2025. Mr A complained that he had to wait for this information that he needed to allow him to consider making a claim.

Phoenix responded to Mr A's complaint on 1 April 2025. It said it had responded to Mr A's requests for information within its service level agreement timescales and had no record of having received the letter Mr A said he sent it in 2007. But Phoenix did think it had made errors when Mr A chased for this information on 7 and 10 March 2025. Phoenix apologised that it hadn't followed good practise and sent the letter it had written on 4 March 2025 to Mr A, again, when he called to chase it. And for the poor level of service, it considered it had given, Phoenix awarded Mr A £150 in compensation for the distress and inconvenience it thought it will have caused.

As part of this complaint, Mr A also raised his concerns about increases in monthly premiums that had been made to his policy. Phoenix said in its response that these points had already been received and were still being investigated as part of a separate complaint.

Mr A wasn't happy with this response so brought the complaint to this Service.

Our Investigator reviewed all the evidence available and didn't think Phoenix had done anything wrong. He said Phoenix were within its rights under the terms and conditions to review the premium payments and increase them if it deemed necessary. And he said that this had been dealt with in a separate complaint Mr A had brought to this Service. Our Investigator did however consider if Phoenix had treated Mr A differently to other customers in the way it was reviewing and changing Mr A's premiums and, after reviewing evidence from Phoenix, he didn't think it had.

Our Investigator also thought Phoenix were within its rights to ask for further medical information when assessing Mr A's potential claim. He did, however, think Phoenix had made errors in its communications with Mr A when he had to chase a response to his request for information and thought the £150 Phoenix had awarded to Mr A was a fair and reasonable resolution.

Mr A wasn't satisfied with this opinion, so the complaint has been brought to me for a final 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.

I've first looked at Mr A's concerns that the premiums on his policy had been increasing. I can see that Mr A's complaint that Phoenix had increased his premiums has been dealt with under a separate complaint to this Service, so I make no judgement on these concerns in this decision.

I have, however, considered if these premium increases were applied fairly to Mr A and, from the evidence available, I think they were.

As part of its evidence, Phoenix provided the methodology it applies to all reviews it undertakes on the type of policy Mr A has. This methodology applies a price rating to all factors that Phoenix considers necessary to review the overall risks including age, level of cover and lifestyle. I'm not able to share this methodology with Mr A as it's commercially sensitive but, having seen it, I think it is fair and impartial and used for all Phoenix customers who hold this type of policy. So, given this, I don't think I can reasonably say Mr A has been treated any differently to other Phoenix customers when his premiums have been reviewed.

I know Mr A is unhappy with the level of increase applied to his premiums, but this price increase is based upon the assessment Phoenix has made of the overall risks associated with the factors it used in its pricing methodology. Phoenix, like all insurance providers, are free to take the risk position it feels prudent when assessing premium payments, so I make no comment on how Phoenix have arrived at its risk pricing in this decision. What is relevant and important to this complaint is to consider if Phoenix acted fairly by treating Mr A's premium reviews as they would any customer and, for the reasons I've stated, I think it has.

Finally, I can see Mr A feels he was never notified of an increase in his premium payments. But Phoenix have provided evidence that it informed Mr A in writing of the increases such as

on 24 September 2024 so, given this, I think Phoenix met its obligations to notify Mr A of the increases to his premiums.

I've next considered Mr A's complaint that Phoenix acted unfairly when it asked for further information before it could assess if a claim against his policy would be successful.

From the evidence available, I can see that Mr A's policy covers him for life and terminal illness. Mr A sent Phoenix evidence of his medical condition in August 2007, September 2022 and February 2025. On each occasion, Mr A asked Phoenix to consider the medical information he'd provided and let him know if it met the conditions for a claim against his policy. Given the policy covered life and terminal illness only, it follows that these enquiries related to a claim on the terminal illness benefits.

Phoenix responded to Mr A's letter of September 2022 in October 2022. In this letter it explained the definition of "terminal illness" as detailed in the policy terms and conditions. Broadly speaking, these terms defined "terminal illness" as a medical condition whereby the policy holder is certain to die within the next six months, and that this would need to be confirmed by a consultant for any claim against this benefit to succeed. Phoenix went on to say that it was unclear, from the medical reports Mr A had provided, if this terminal illness definition had been met and that, before he made a formal claim against the policy, Mr A might want to discuss this with his doctor.

Phoenix responded to Mr A's letter of February 2025 by saying it had no record of receiving Mr A's letter of August 2007. It enclosed a copy of the letter it had sent to Mr A in October 2022 which explained the policy definition of terminal illness and, again, said he should consider if the information in his recent medical report met the policy definition of terminal illness and, if he thought it did, Mr A should contact Phoenix who would then issue a claim form.

My role here is to consider if Phoenix's treated Mr A fairly and reasonably in its responses to his enquiries about a claim on his policy and, from the evidence I've seen and detailed above, I think it did.

The medical reports I've seen that Mr A sent to Phoenix, while comprehensive, do not suggest that his condition is terminal, in that death can certainly be expected within six months. This means the medical reports don't provide the necessary evidence to show a claim against the terminal illness cover under Mr A's policy would be accepted, as defined by its terms and conditions.

In considering these reports, I can see that Phoenix haven't decisively rejected any claim, rather they've asked for further information as the reports don't specify the necessary evidence that death is certain within six months. I think this is fair and reasonable as it correctly interprets the policy terms and conditions, explains to Mr A what these conditions are, and invites him to reflect and discuss these with his doctor to decide if a claim is appropriate given the policy criteria. So, given this, I don't think Phoenix have done anything wrong in the way it has considered Mr A's enquiries about making a claim on the terminal illness cover provided in his policy.

Finally, I can see Phoenix awarded £150 to Mr A for the trouble and upset it caused him when he enquired about his potential claim in February 2025.

The guidance from this Service says an apology and award of £150 is suitable where a business has made repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out.

In this complaint, Mr A sent his enquiry letter to Phoenix in February 2025 and didn't receive a response until after 10 March 2025 and had twice chased Phoenix for an answer. Phoenix had sent its response on 4 March 2025, but Mr A hadn't received this and Phoenix admit that it should have resent this response when Mr A had chased it for a second time on 10 March 2025.

So, I think this pattern of Mr A having to chase Phoenix and not being fully aware of Phoenix's response in a timely manner, broadly fits the pattern of a few small errors requiring a reasonable effort to sort out, so I think Phoenix's apology and award of £150 is a fair and reasonable resolution.

In summary, it's clear that Mr A is faced with a number of challenging medical conditions and I have considerable sympathy with him for this. But my role is to decide if Phoenix acted unfairly when it applied the premium increase to Mr A's policy and asked for further information when he enquired about a claim for terminal illness and, having carefully considered all the available evidence, I don't think it did.

My final decision

For the reasons stated above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 21 April 2026.

Ben Castell
Ombudsman