

The complaint

Mr and Mrs P complain about the way Aviva Life & Pensions UK Limited (originally General Accident) has administered a reviewable whole of life policy. They are unhappy they were required to substantially increase the premiums after the 2021 policy review, and want the premiums and cover to return to the original level.

What happened

In 1990, Mr and Mrs P were sold a reviewable whole of life policy by an independent financial advisor (IFA). The policy was provided by General Accident (now Aviva). Initially, the policy provided life cover of £232,048 for a monthly premium of £27, paying out on second death.

The policy was due to be reviewed in 2000, 2005, and 2010, but no review letters have been provided for these reviews. The first review letter provided was from December 2014 (for the 2015 review), this showed the premium and cover remained as at the start, and no changes were needed. The 2019 and 2020 review letters also show the outcome was that no changes were needed to the policy and the cover continued at the original level.

A review was carried out in December 2020 (for 2021), which showed that the monthly premium of £27 was no longer enough to support the level of life cover. Mr and Mrs P were given the option to increase the premium to £65 to maintain the level of cover.

Reluctantly, Mr and Mrs P increased the premium following the review, but contested it, as they raised a complaint at the same time. They were unhappy about being asked to increase the payments because when the policy was sold they were told the premium would be fixed throughout their lives.

Aviva responded to the mis-sale complaint. In summary it said its records confirm the policy was sold following advice from an IFA, rather than a representative of Aviva. So, it is the IFA who is responsible for the advice that was given at the point of sale. It also responded to the administration complaint. It didn't uphold this and said the policy is reviewable and while the increase in premium appears high, it is the correct amount calculated to continue to provide the chosen level of cover.

The policy was reviewed again a year later. Mr and Mrs P were told by Aviva the premium would need to increase again further to £167.60 per month. Again, they accepted this, but remained unhappy and contacted this service with concerns about the unexpected size of the increase to the premiums. We referred the complaint back to Aviva to respond to.

As they didn't receive a response from Aviva within the expected timescales, Mr and Mrs P asked this service for an independent review of the complaint.

I issued a provisional decision in January 2026. This is what I said:

"In reaching my decision, I've considered if Aviva met its regulatory obligations and I've set out below what I consider to be the relevant standards I've taken into account when making my decision:

- 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).*

I acknowledge Mr and Mrs P didn't expect the policy to be reviewed and understood the premium would remain the same throughout their lives. They were shocked when they received the review letter in December 2020 asking them to increase the premium. Aviva has provided the 'Kaleidoscope' policy conditions, which it says are applicable to Mr and Mrs P's policy. This contains a section that covers the policy reviews – which includes the following:

"...If following the Policy Review the Company considers the Benefits selected under the Policy cannot be maintained until the next Policy Review then the amount of such Benefits will be reduced to such level as the Company considers can be maintained until the next Policy Review and will be guaranteed until such time.

Notice will be given to the Policyholder of any reduction in the Benefits under Condition 22(c).

Alternatively, the Policyholder may request the Company not to reduce the Benefits in which case at the Company's discretion either;

(i) regular premiums will be increased or an additional single premium paid, at such a level as the Company considers Benefits can be maintained to the next Policy Review and then the Benefits will be guaranteed until such time; or, (ii) any guarantee to maintain Benefits will cease."

Mr and Mrs P have provided the original quote they received before taking out the policy in support of the premium being set at the outset. This details the 'Contribution' as £27.00 and 'payable monthly throughout life'.

It also gives some projections for the policy using assumed growth rates and explains "...we expect the level of life cover selected above can be maintained for 25 years".

Having reviewed the available evidence, in my view, it is clear from the outset that this is a reviewable policy, and premiums may need to be increased. I've not been persuaded there is evidence to say the premiums and sum assured were guaranteed not to change. This is supported by the information given in the policy reviews to show that the premium is reviewable. So I'm satisfied the policy can be subject to change and therefore I don't think that Aviva has acted unfairly when it reviewed the policy and proposed the changes it did.

It may be helpful if I explain how these types of policies broadly work in practice. The cost of providing cover isn't fixed and instead increases over time as the lives assured get older. At the outset, when charges are relatively low, the difference between the premiums being paid and the charges results in an investment pot being built up. Over time, businesses will undertake reviews to ensure that the policy can continue to provide the chosen level of cover. They will look at a number of different factors such as the size of the investment pot, current mortality rates and investment performance. If they decide the policy isn't sustainable at its current premium, the consumer will usually be offered the option of increasing the premium.

This is what led to the changes proposed at the 2021 policy review. Having undertaken the review, Aviva's assumptions were that the policy was unsustainable on its existing terms, and a higher level of premium was needed to maintain the policy's sum assured. This would undoubtedly have come as a surprise to Mr and Mrs P as there hadn't ever been any previous indication that the policy might need significant changes – and they paid the same amount for 30 years to provide the original level of cover.

But this shouldn't have been the case, taking into account the standards I've quoted above, I think that Aviva ought to have provided Mr and Mrs P with clear, fair and not misleading information about the policy. The communications 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. Aviva should have provided this information within a reasonable time frame from when the standards I've quoted above began to apply. Given that the costs of the policy had overtaken the premiums being paid in around 2008, I think that Aviva should have ensured that they provided Mr and Mrs P with sufficient information at least by the 2010 policy review.

Having considered the communications sent to Mr and Mrs P, I haven't seen that this level of information was provided. The 2015 review letter (the first available) only set out that the policy was sufficient to continue to support the current sum assured with no action needed. There is some information about assumptions made based on growth rates for how long the policy might be able to support the benefits, but nothing to explain the costs of providing the cover had now exceeded the premiums being paid. Because this level of information wasn't provided, I don't think Mr and Mrs P were in an informed position about the policy or any possible steps they could take to mitigate future risks. I haven't seen a copy of the 2010 review letter, so I don't know what information was given. But I think it is reasonable to conclude the same or similar information would have been provided at the 2010 review.

While not in full agreement, Aviva did make an offer to Mr and Mrs P in recognition they weren't provided with sufficient information as soon as they should have been. It offered to cancel the policy and pay the surrender value as at the 2010 review. But as Mr and Mrs P have rejected this offer as a resolution of the complaint, I've gone on to consider the likely course of action Mr and Mrs P would've taken if they'd been put in an informed position in 2010. Aviva should have explained that the costs of the policy were higher than the premiums being paid, the impact of this would be that while the policy wouldn't require any changes at that time, it would likely need changes in the future.

This is a difficult decision as it's not completely clear what course of action they would've taken. Therefore, I must make a decision based on the balance of probabilities i.e. what I think is more likely than not to have happened in light of the available evidence and a consideration of the wider circumstances.

When Mr and Mrs P first received a notice of premium increases being needed in 2021, they reluctantly agreed to the increase but under protest and started questioning Aviva's actions. Further increases were accepted at the next reviews too. But it is clear that Mr and Mrs P were only agreeing to the increases while their complaint was ongoing in the hope it would be upheld and the policy returned to the original terms. Indeed, they mention they had to make sacrifices to keep paying the higher premiums. When Aviva recently provided the estimated cost to maintain the cover for life (a monthly premium of over £1,200) Mr and Mrs P viewed this as extortionate and not something they could accept.

It seems the only reason Mr and Mrs P agreed to increase the premiums in 2021 was because they were hoping an agreement could be reached to allow them to keep the policy on its existing terms for life. But this isn't something that Aviva has agreed to or something I

am recommending as a viable resolution. So, I don't think it is likely Mr and Mrs P would have agreed to any significant increases in 2010 or the next review, if they were given clear information about the extent of the increase in premiums that would be needed to maintain the cover for the whole of their lives.

As explained above, my finding is that Aviva is entitled to review the policy, and there isn't sufficient evidence to say that it is required to keep the premiums at the original level. I appreciate Mr and Mrs P's understanding of the policy is different to this. But if they were misled about this during the sale of the policy, this isn't something Aviva is responsible for. Overall, I don't find that they would have made increases sooner if clearer information was given at the early reviews, and would likely have continued with the original premium when it was still able to provide the original sum assured.

Our investigator initially thought it likely Mr and Mrs P would have surrendered the policy in 2010, if they were given the knowledge that it could be subject to very significant changes in the future. But in rejecting the offer made by Aviva, Mr and Mrs P have been clear that they do not want to surrender the policy and still value the cover. It seems most likely they would have taken this same view in 2010, had they been given clear information during the review. So, I can't agree that it is likely they would have surrendered the policy at an earlier point, even if they'd been put in an informed position about what the future might hold for the policy.

So, despite my concerns that Aviva hasn't demonstrated how it met its obligations, I haven't found reason to say it needs to do anything further. This policy was always subject to review. So, while Mr and Mrs P are disappointed (and upset) they can't maintain the original level of cover for the premium at the outset for the whole of their lives, I don't think this is because of an error made by Aviva. The situation is as a result of several factors – including policy performance and increases in the cost of providing cover. For the reasons given, I don't think better information would have led Mr and Mrs P to make a different decision about the policy. This means I don't find Aviva needs to do anything to put things right.”

Aviva responded to acknowledge the decision but didn't provide anything further for me to consider.

Mr and Mrs P responded to say they were very disappointed with the findings. In summary they said:

- They entered into the contract on the understanding of the quotation they were given which clearly stated a premium of £27 per month for the life of the policy.
- The actual policy documents were not issued to them until sometime later after already having signed acceptance of the contract.
- They paid for over 30 years the premium of £27 without any correspondence to indicate the policy was subject to increases. And have recently again received correspondence from Aviva advising the new premium would be increased to £342.22 per month. If the premium continues to increase at the current rates, they will probably have no option but to surrender the policy. They have spent a large part of their lives hoping to leave a little nest egg for their children, this will probably not happen.

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 all of the evidence provided – including the further submissions Mr and Mrs P have made in response to my provisional decision. Having done so, I haven't found reason to change the findings I set out.

Firstly, I acknowledge the points they make about the future of the policy. I have empathy for them in light of the difficult situation they are now in and understand the policy has not met their expectations. But for the reasons I've previously set out, I don't find there is evidence to support a finding that the policy terms provided for a fixed premium and a guaranteed sum assured.

The statement Mr and Mrs P refer to from the original quotation, when taken in isolation suggest the premium would be £27 for life. But this needs to be considered in light of the other information. This includes the fact the quote says that the cover could be maintain for 25 years at the assumed growth rate. Also, the policy was subject to the terms and conditions – which set out the contract that was agreed, these cannot be dismissed. I have no doubt that Mr and Mrs P understood the premium was fixed (particularly as no changes were communicated by Aviva for many years), but this isn't the type of policy they took out. A non-reviewable policy would have come with a significantly higher premium from the outset, and as Aviva aren't responsible for the advice to take out the policy, it didn't need to ensure the suitability of it for Mr and Mrs P's needs.

I understand this will be of great disappointment to Mr and Mrs P, but my conclusion remains in line with my provisional decision for the reasons given.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 27 February 2026.

Daniel Little
Ombudsman