

## The complaint

Mr R complains about the way Phoenix Life CA Limited trading as Sun Life Financial of Canada ('Sun Life') managed his "Plan for Life" policy. In particular, he says some direct debit payments were not collected, the policy review expected in 2022 did not take place and he was unable to properly monitor the value of his policy because statements did not clearly show the fund value. Mr R believes these issues meant the policy was mismanaged and led to the value of the policy reducing to zero.

## What happened

Mr R holds a Plan for Life policy which began in April 1993. The policy provides life cover of £160,000 and invests premiums in units. The monthly premium was originally around £20 and increased to £23.37 in April 2017 following a policy review.

Mr R says that over a period of time some direct debit payments were not collected. When he raised this with Sun Life, it confirmed that the premiums had been applied and that the payment history appeared to show premiums had been paid throughout the term.

Mr R later became concerned when he noticed that the surrender value of the policy had reduced significantly and eventually reached £0. Information provided by Sun Life shows that the surrender value had gradually reduced over time — from just over £4,000 in 2012 to around £326 in July 2022 before reaching £0 in 2023.

Mr R complained to Sun Life in March 2024. He said the policy had been mismanaged, that direct debits had not been collected correctly and that he had been unable to monitor the performance of the policy because the fund value had not been clearly shown on statements.

Sun Life responded explaining that the policy was primarily designed to provide life cover and that any surrender value was incidental to that purpose. It said that in the early years of the policy the cost of cover was generally lower than the premium paid, meaning a value built up in the plan. However, as the cost of cover increased with age, the charges eventually exceeded the premiums being paid. When this happens, the policy uses the existing units in the fund to meet those costs. Sun Life said this had gradually eroded the fund value until none remained.

Sun Life also confirmed that policy reviews had been paused while it reviewed its processes but reassured Mr R that, provided premiums continued to be paid, it would honour the £160,000 level of life cover.

Mr R remained unhappy and referred the complaint to this service.

Our investigator considered the complaint and concluded that the available evidence did not show the policy had been mismanaged or that the direct debit issue had caused financial loss. However, she thought Sun Life could have communicated more clearly with Mr R about the absence of fund values on statements and about the delay to policy reviews. She recommended that Sun Life pay £200 for the distress and inconvenience caused and

provide clearer information about the review process.

Sun Life agreed with that recommendation, but Mr R did not. So, the complaint has been passed to me to make 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.

In doing so, I've taken account of the policy terms, the information provided by both parties and the relevant circumstances of this complaint.

Before I set out my findings, I want to clarify the scope of this decision. A linked complaint raised by Mr R about the suitability of the policy has already been considered separately. I cannot revisit those issues here. My decision is therefore limited to the matters raised in this complaint about the administration of the policy, and I will not be commenting on the suitability of the policy or any other issues considered previously.

Mr R believes the policy must have been mismanaged because the fund value reduced significantly over time and eventually reached zero. I understand why this outcome is concerning. However, having carefully considered the evidence, I do not think it shows the policy was administered incorrectly.

The information provided by Sun Life shows that the surrender value reduced gradually over many years. For example, the value reduced from around £4,010 in 2012 to approximately £326 in July 2022 before reaching £0 in 2023. In my opinion this pattern is consistent with how this type of policy operates.

This policy is a whole of life plan designed primarily to provide life cover. In the earlier years of such plans the premium may exceed the cost of cover and so units can build up in the policy. As the policyholder gets older, however, the cost of providing life cover increases significantly. When the cost of cover and other charges exceed the premium being paid, units in the policy are used to meet those costs. And so, over time, the value of the fund can reduce. On the evidence I have seen, this appears to be what has happened here.

Mr R also raised concerns about direct debit payments not being collected for a period of time. I understand why that would have caused concern. However, Sun Life has confirmed that premiums were applied to the policy and that the payment history shows premiums being paid throughout the term. I have not seen evidence that the policy was financially disadvantaged because of this issue and so I cannot fairly conclude that it caused the fund value to reduce.

I have also considered Mr R's concern that he was unable to monitor the value of his policy because the surrender value was not clearly shown on statements for a period of time. I agree that clearer information could have been provided. In my opinion it would have been helpful for Sun Life to include the fund value consistently on statements or to explain more clearly why it was not shown.

I have also thought about the communication Mr R received about the policy review expected around 2022. I understand Sun Life paused reviews while it redesigned its review process. However, from what I have seen, this was not clearly explained to Mr R at the time. In my opinion, it would have been fair and reasonable for Sun Life to explain why the review had not taken place and what this meant for the policy going forward. Without that information, it is understandable that Mr R felt uncertain about how his policy was being

managed.

Taking everything into account, I do not think the evidence shows the policy was mismanaged or that Mr R has suffered a financial loss. However, I do think Sun Life's communication about the policy value and the pause in policy reviews could have been clearer. In the circumstances, I think it is fair and reasonable for Sun Life to recognise the distress and inconvenience this caused Mr R.

### **Putting things right**

To put things right, and to resolve this complaint fairly, I require Phoenix Life CA Limited trading as Sun Life Financial of Canada to:

- pay Mr R £200 to recognise the distress and inconvenience caused by the lack of clear communication; and
- write to Mr R explaining why policy reviews are currently paused and when he can reasonably expect the next review of his policy to take place.

### **My final decision**

My final decision is that Phoenix Life CA Limited trading as Sun Life Financial of Canada must carry out the actions set out above to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 9 April 2026.

Farzana Miah  
**Ombudsman**