

The complaint

Mr M complains that Countrywide Assured Plc ('Countrywide') failed to collect premiums from January 2024 onwards on his Whole of Life ('WOL') policy. He says it is unfair to require him to repay those premiums, that his policy should continue on its original terms, and that the £750 compensation offered is insufficient given the impact on him.

What happened

Mr M holds a WOL policy with Countrywide providing cover with an original sum assured of around £648,000. From January 2024, monthly premiums were not collected due to an administrative error by Countrywide. The policy nevertheless remained in force throughout that period.

Mr M has explained he contacted Countrywide on numerous occasions seeking clarification about the status of his policy and the suspended collections but says he did not receive clear answers. He describes being passed between departments without resolution. Frustrated with the situation, Mr M referred the matter to this Service.

Since the complaint was referred to the Financial Ombudsman Service, Countrywide Assured has accepted that it made an administrative error in failing to collect premiums. It has apologised and offered £750 compensation for distress and inconvenience. Countrywide also asked Mr M to complete new direct debit instructions so that premium collections could resume and for the outstanding premiums to be repaid. Despite this, no payments were made and the direct debit was not reinstated.

Countrywide has confirmed that arrears now exceed £35,000. It does not consider a repayment plan feasible, given the size of the outstanding balance and concerns about affordability and long-term administration. Instead, it has offered:

- Reinstatement of the policy from March 2026 with a reduced sum assured of £612,844.08, with premiums restarting in March together with the £750 compensation; or
- If reinstatement is not taken, the policy lapsing with £750 compensation for distress and inconvenience

Despite this, Mr M has maintained that the unpaid premiums should be waived, that the policy should continue on its original basis, and that compensation should be increased. Because no agreement could be reached, the case has been passed to me to decide.

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.

Both parties are aware of the long history of this complaint and the detailed exchanges that have taken place. I do not therefore propose to rehearse every point again here. What

remains outstanding is for me to decide what is fair and reasonable in all the circumstances to resolve the complaint.

Countrywide Assured made an administrative error in failing to collect premiums from January 2024. I accept that Mr M took steps to query the position and that the lack of clarity. I have no doubt that this would have been frustrating and concerning, particularly given the importance of the cover involved.

However, the policy remained in force throughout the period when premiums were not collected. Mr M therefore continued to benefit from life cover during that time. It would not be fair or reasonable to require Countrywide to provide that level cover without payment. Waiving the arrears entirely would amount to betterment.

It is also relevant that, from 6 May 2025 onwards, Mr M had the opportunity to reinstate premium payments by completing new direct debit instructions. In June 2025, he acknowledged that premiums would need to be paid. Despite this, payments did not resume. While I recognise that by that stage arrears had built up significantly, there was nevertheless an opportunity to prevent the position from worsening, which was not taken.

In light of this, I have carefully considered whether a repayment plan would be fair. Given that arrears exceed £35,000, I accept Countrywide's concerns that spreading this over a prolonged period would create affordability risks and administrative complications. In light of the scale of the arrears and the circumstances described, I am not persuaded that requiring a long-term repayment arrangement would be fair or sustainable.

The alternative proposed — reinstatement from March 2026 with a reduced sum assured — is, in my view, a pragmatic and proportionate solution. To my mind, it recognises that premiums were not paid but allows the policy to continue without imposing an unmanageable repayment burden. Countrywide has confirmed the revised sum assured of £612,844.08 reflects the necessary adjustment, with premiums restarting from March 2026.

Turning to compensation, our published approach indicates that awards between £300 and £750 are appropriate where a business's mistake has caused considerable distress, upset or inconvenience over a period of time. I accept that this matter caused Mr M worry and frustration over many months. I have also considered the medical evidence provided. While this complaint may have added to what was clearly a difficult period, the evidence does not persuade me that the administrative failing caused the wider health conditions or financial losses claimed.

Taking everything into account, I am satisfied that £750 sits at the upper end of our usual range and fairly recognises the distress and inconvenience directly arising from the Countrywide's error.

Putting things right

Countrywide Assured Plc must pay Mr M £750 for distress and inconvenience.

If Mr M wishes to continue the policy, he must reinstate the direct debit in March 2026 with a sum assured of £612,844.08, with premiums restarting in March on the revised basis.

If Mr M does not elect to proceed on that basis, the policy will lapse. The £750 compensation remains payable in either event.

My final decision

For the reasons set out above, I uphold this complaint in part against Countrywide Assured Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 March 2026.

Farzana Miah
Ombudsman