

complaint

Mr H complains Stonebridge International Insurance Ltd (Stonebridge) hasn't offered him sufficient compensation for its failure to cancel his life insurance policy in 2011 when he wanted to switch to a cheaper provider, but then chose itself to cancel his policy in 2015.

background

Mr H complained to Stonebridge in 2015, challenging its right to cancel his policy and saying this left him and his family uninsured. He also said he'd tried to cancel the policy in 2011 but had been unfairly deterred from doing so.

Stonebridge said its terms and conditions explained it reserved the right to cancel policies after giving customers 30 days' notice. In this case it had given Mr H and other affected policyholders 90 days' notice.

It said its investigation into his claim that he'd tried to cancel his policy in 2011 had been inconclusive. But it offered to reimburse the premiums he'd paid since his phone call of 16 September of that year. It also offered to add 8% simple interest per annum to these payments.

An adjudicator at this service didn't feel Mr H's complaint should be upheld as he felt Stonebridge's offer of compensation was reasonable.

He said this service's remit was to decide whether a business had made a mistake and, if so, to put consumers back in the position they would have been in if that mistake hadn't occurred. In this context, he felt Stonebridge's offer was fine.

Mr H did not agree. He said he'd paid into this policy since 2004 and was never told the business could choose to cancel it whenever it chose. He and his family would now be without any cover, and he didn't feel the compensation was sufficient.

As no agreement has been reached, this complaint has been passed to me for review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In this case, I agree with the adjudicator and for the same reasons.

I fully understand Mr H's frustration and disappointment upon discovering his policy was being cancelled after he'd paid premiums for 11 years. But Stonebridge did have the right to do this, and this is stated in its terms.

Mr H may well have not read these conditions or realised this. But he'd purchased the policy on a non-advised basis, as opposed to Stonebridge recommending it to him. So it was not responsible for highlighting or explaining these conditions to him.

I also feel Stonebridge's offer to reimburse his premiums from September 2011 onwards seems fair and reasonable.

From what I've read, Stonebridge didn't find sufficient evidence to conclude that Mr H gave clear instructions to cancel his policy, and that these were ignored. But even if this were the case, its compensation offer means Mr H and his family have effectively enjoyed free life insurance cover for the past five years plus an 8% return on the premium payments.

As a result, he is currently in a significantly better financial position than if he'd be in if he'd cancelled this policy, and taken out a cheaper one.

Finally, I feel Stonebridge's offer is fair and reasonable, and in line with what I would have recommended. But as this offer was made before Mr H brought his complaint to this service, it is not up to me to instruct it to pay this sum as long as it does so.

my final decision

For these reasons, I do not uphold this complaint or make any award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 March 2016.

Tony Moss
ombudsman