

## **complaint**

Mrs P complains that the premium payable under her whole of life policy with Aviva Life Services UK Limited has been increased by more than the limit set out in the policy.

## **background**

Mrs P took out a whole of life policy with Aviva in 1994. Aviva reviewed the policy in 2014 and said that Mrs P could either increase her premiums or reduce her benefits. She complained to Aviva because she said that premium increases under the policy were limited to 25% of the initial premium. She was not satisfied with Aviva's response so complained to this service.

The adjudicator did not recommend that this complaint should be upheld. He concluded that, although the information provided in the policy was not as clear as would be expected today, it provided enough information to explain the policy.

Mrs P has asked for her complaint to be considered by an ombudsman. She says, in summary, that she was told that the premium contribution over the life time of the policy could only rise by up to 125% of the initial premium. She also says that there has been a breach of the Unfair Terms in Consumer Contracts Regulations 1994.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mrs P signed a personal financial planning questionnaire in October 1994. It identified that she needed life cover and the adviser recommended the policy to her. Mrs P has signed below the adviser's recommendation to confirm that the policy was discussed at length, that she had decided to take out the policy and that the charges had been explained to her. I am satisfied that the policy was a suitable recommendation to be made to Mrs P at that time and that it was affordable for her.

Aviva wrote to Mrs P in November 2014 following a policy review. It said that there was a high risk that the policy may not sustain the policy benefits and said that Mrs P could increase her payments to maintain the protection benefits or maintain the current premium but reduce the level of benefit. That was a choice for Mrs P.

Section 5(d)(i) of the terms and conditions says:

*"Any alteration to the Guaranteed Benefit or contribution shall be limited to the extent that ... the contribution shall not be increased to more than 125% of the contribution payable at the Commencement Date".*

This stops Aviva from requiring Mrs P to increase her premiums by more than 125% of the initial premium. It does not stop Mrs P from agreeing to premium increases totalling more than that amount. At the 2009 and 2014 policy reviews, Mrs P has been given a choice to either increase her premiums or reduce her benefits. In 2009 she decided to increase her premiums and to maintain the level of benefits. In practice though, Aviva says that it does not force a policyholder to increase their premiums.

Mrs P has also raised issues about section 5(d)(ii) which concerns the level of guaranteed benefit when the policyholder reaches the age of 75. Mrs P is not yet 75 and Aviva has not set the level of benefit that she would receive when she is 75. So I do not consider that Aviva has done anything wrong concerning that section.

I agree with the adjudicator that section 5(d) of the policy terms and conditions is not as clear as it could be. But I do not find that Aviva has acted incorrectly in the way that it has administered the policy. And I do not consider that it has breached the Unfair Terms in Consumer Contracts Regulations 1994.

So I find that Aviva is not required to limit the premium increase that it offers to Mrs P to 125% of the initial premium. Nor do I find that it would be fair or reasonable for me to require it to take any other action in response to Mrs P's complaint.

### **my final decision**

For these reasons, my decision is that I do not uphold Mrs P's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs P to accept or reject my decision before 6 November 2015.

Jarrold Hastings  
**ombudsman**