

## **complaint**

Mr H complains that The Prudential Assurance Company Limited misled him about the level of cover that his whole-of-life assurance policy would provide. He is being helped with his complaint by his wife.

## **background**

Mr H took out a whole-of-life policy in 1990. The Prudential told him in May 2015 that he needed to increase his premiums substantially in order to maintain his existing benefits. He complained to the Prudential that he had been assured that his existing benefits and premiums would be sufficient and he was unhappy that it had decided that he needed to make significant changes to his policy. The Prudential didn't uphold his complaint but said that the option to tailor the sum assured or premium (as detailed in its June 2015 review letter) was still available. Mr H wasn't satisfied with its response so complained to this service.

The adjudicator didn't recommend that this complaint should be upheld. The Prudential reviewed the policy in 2012 and wrote to Mr H. It said that he could either increase his premiums or reduce his cover. Mr H says that he didn't receive that letter – but the adjudicator said that he couldn't hold the Prudential accountable for the letter not being received. And the Prudential sent letters to Mr H in 2013 and 2014 about the annual indexation increase. The Prudential then wrote to Mr H in 2015 to inform him of the policy's position – which gave him a reasonable opportunity to take action on the policy before it lapsed. The adjudicator concluded that the Prudential had complied with the policy's terms and conditions.

Mr H has asked for his complaint to be considered by an ombudsman. He says, in summary, that:

- he didn't receive the August 2012 review letter;
- the Prudential misled him in the assurances given in its annual indexation letters which didn't refer to the August 2012 review letter;
- as a result, he missed the opportunity to mitigate the risk that existed; and
- the Prudential should convert his whole-of-life policy into a term policy until he is 70.

## **my findings**

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

The Prudential wrote to Mr H in August 2012 following its review of his policy. That letter gave him the option of either increasing his premiums or reducing the sum assured. Mr H says that he didn't receive that letter. But the Prudential has provided a copy of the letter that it sent which was correctly addressed – and there is no evidence to show that the letter was returned to it undelivered. So I find it to be more likely than not that the Prudential sent the letter to Mr H – even if it wasn't received by him. And in sending the letter I find that it fulfilled its obligation to notify Mr H of the results of the review. As Mr H didn't respond the policy continued.

The Prudential then wrote to Mr H in September 2013. The letter said:

*“As you will remember, your Plan includes the feature of automatic annual increases in premiums and benefits. These increases are designed to maintain the real value of your protection without the need for any further health checks.*

*You need take no further action to benefit from this increase in protection. Your sum assured will increase automatically by 3.25%, the increase in the Retail Price Index over the year ending July 2013, with effect from [October 2013] to £132,208, and your revised premium effective from that date will be £95.40 per month”.*

That was followed a year later by another letter in similar terms (other than the increase was 2.75% resulting in a sum assured of £135,843 and a premium of £98.02).

Mr H contacted the Prudential in June 2015 and it reviewed the policy. It wrote to him the next day and said:

*“As requested we have reviewed your plan to determine the level of premium that you need to pay to guarantee the level of cover provided up until the next review date on [ ] October 2017.”*

And the later gave him the option of increasing his premium to £235.25 or reducing the sum assured to £61,129. Mr H chose to reduce the premium.

I find that the letters that the Prudential sent to Mr H were consistent with the terms and conditions of the policy. It correctly reviewed the policy in 2012 - but no changes were made because Mr H didn't respond to it. It then wrote to him about the annual indexation increase in September 2013 and September 2014. Mr H has highlighted the words: *“You need take no further action to benefit from this increase in protection”* – which he says are misleading. But the letters correctly say that Mr H didn't need to take further action to benefit from the indexed increase in premium and sum assured. The letters didn't advise him that the sum assured or premium had been reviewed as that happened in 2012 and was next due in 2107. I agree with Mr H that it would've been helpful for the Prudential to have provided more information in the September 2013 and September 2014 letters – but there was no requirement for it to do so.

I find that the Prudential has dealt with Mr H's policy correctly and in accordance with its terms and conditions. So it wouldn't be fair or reasonable for me to require the Prudential to convert his policy from a whole-of-life policy to a term assurance policy. Nor would it be fair or reasonable for me to require it to take any other action in response to Mr H's complaint.

### **my final decision**

For these reasons, my decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 June 2016.

Jarrold Hastings  
**ombudsman**