

## **complaint**

Mrs H complains about the whole-of-life policy she has with The Prudential Assurance Company Limited. It's been reviewed and she's been asked to significantly increase her premiums to keep the amount of benefit the policy would provide.

Mrs H's son brings the complaint on her behalf.

## **background**

In 1986, Mrs H and her husband met with an Independent Financial Advisor (IFA) who sold them a joint whole-of-life policy. The premiums for the policy were reviewed in line with changes in the Retail Prices Index and gradually increased over the years.

Sadly, Mr H passed away but the whole-of-life policy continued as it was set up to pay the benefit amount on the death of the second life covered.

In 2014, Prudential wrote to Mrs H to say that her policy had been reviewed and the performance of the fund it invested in hadn't been enough to keep the sum assured. It said she would either need to significantly increase her monthly payment to the policy, or the sum assured would need to be reduced.

Mrs H's son complained about the way that the policy had been reviewed and how it had performed. He thought Prudential was trying to price Mrs H out of the policy.

Prudential said that the level of cover the policy would provide Mrs H with couldn't be guaranteed as it depended on the underlying funds achieving a certain rate of return. The review of the policy was to make sure it was enough to cover the cost of life cover and meet the sum assured. Prudential gave Mrs H three options: pay a higher premium; reduce the sum assured and keep the premium the same; or keep the same premium and sum assured and pay the difference from the value of Mrs H's policy.

Our adjudicator didn't think Mrs H's complaint should be upheld. He said she'd been given all the information to fully understand the policy, including that the premiums for the policy would be regularly reviewed.

Mrs H and her son didn't accept the adjudicator's findings. It hadn't addressed why there had been such a big jump in the premium. Mrs H has kept the policy as part of her inheritance tax planning. The documentation from the time the policy was sold doesn't suggest that growth rates could be lower than those shown. The IFA that sold the policy wasn't responsible for the documents produced or the reviews. Mrs H has only received annual review letters from Prudential, not an annual statement.

## **my findings**

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

Mr and Mrs H were advised to take out this whole-of-life policy by their IFA. So that advisor was responsible for making sure that they understood how it worked and that it was the type of policy they were looking for.

The policy was set up jointly for Mr and Mrs H with the policy sum assured becoming payable when the second of them passed away. The sum assured and therefore the premium payable for the policy were reviewed to make sure it was in line with changes in the Retail Prices Index. It was also reviewed periodically to make sure that the fund it invested in would be enough to provide the benefits Mrs H wanted.

So over the years, Mrs H has seen both her monthly premium and the policy sum assured go up, although I understand that the premium went down on one occasion.

I appreciate that this year's review has shown that Mrs H's premium would need to significantly increase to keep the same sum assured. Prudential has said that this is because the performance of the underlying investment has not been as it had thought. The cost of providing Mrs H with the life cover as she gets older will also increase.

I haven't seen anything to suggest that Prudential doesn't want to continue to provide Mrs H with her whole-of-life policy, or that it is looking to make it unaffordable for her. The policy reviews form part of the structure of whole-of-life assurance and are there to make sure that the benefits of the policy can be provided. They are explained in the brochure about the policy.

The illustration Mr and Mrs H were given when they were sold this policy assumed a growth rate of 7.5 % for plan reviews, and this was based upon the performance of the investments at that time. It doesn't give any guarantee that this level of performance would stay the same, and the assumed rate of growth Prudential now uses is lower.

Prudential has sent Mrs H a plan review letter each year, which shows the outcome of the review; the assumed growth rate of the investment; the number and value of the units and gives options for continuing with the plan benefits. These letters also say where Mrs H can find out more information about how the funds are managed.

Overall, I think that Prudential has given Mrs H sufficient information to understand the details of her whole-of-life policy. I don't think that it has done anything wrong in the way that it has reviewed whether her premium carries on being enough to provide her policy benefits.

#### **my final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 26 October 2015

Cathy Bovan  
**ombudsman**