

## **complaint**

Mr L complains about the surrender value quoted to him by ReAssure Limited on his whole-of-life policy.

## **background**

Mr L took out a whole-of-life policy in June 1970. It provided an assured death benefit of £1,500. He asked for the surrender value of the policy. ReAssure wrote to him in June 2015. It said that the total surrender value of the policy was £3,241.95 (which included 80% of the value of the units allocated to the policy). Mr L complained to ReAssure that he should receive 100% of the value of the units allocated to the policy. He was not satisfied with ReAssure's response so complained to this service.

The adjudicator did not recommend that this complaint should be upheld. She said that the calculation of the surrender value was a legitimate commercial decision for ReAssure. She also said that it was entitled to make a deduction from the value of the units allocated to the policy.

Mr L has asked for his complaint to be considered by an ombudsman. He says in summary that the policy document does not refer to a penalty and that ReAssure should pay to him 100% of the value of the units allocated to the policy.

## **my findings**

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

Mr L took out the policy in 1970. At that time an adviser was not required to record or assess a policy's suitability for a customer. They had a general duty to give advice with reasonable care and skill and to make sure that any recommendation was appropriate for that customer. The policy documents that were provided to Mr L correctly describe the policy. I am not persuaded that there is enough evidence to show that it was an inappropriate policy to be recommended to him at that time.

The policy document says that:

*"To the minimum guaranteed surrender value will be added the actuarial value as calculated by the company's actuary of all special bonus units allocated to the policy up to the date of the surrender of the policy."*

ReAssure says that the product specification for this type of policy says that:

*"The surrender value is in two parts:*

- i) the guaranteed surrender value as specified in the policy document; and*
- ii) 80% of the value of units allocated to the policy, at the price effective on the date of receipt of the discharge."*

I can understand Mr L's disappointment that he will only receive 80% of the value of the units allocated to the policy. But it is clear from the policy that the value was to be calculated by the company's actuary. The company's actuary has calculated the surrender value in

accordance with the product specification. ReAssure has taken a commercial decision in determining how the surrender value is calculated. This service does not normally interfere with a company's legitimate commercial decisions and I am not persuaded that it would be fair or reasonable for me to interfere with ReAssure's decision in these circumstances.

I do not consider that there is enough evidence to show that ReAssure has acted unfairly or unreasonably in the way that it has calculated the surrender value of Mr L's policy. I therefore find that it would not be fair or reasonable for me to require ReAssure to take any action in response to Mr L's complaint.

**my final decision**

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

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

Jarrold Hastings  
**ombudsman**