

The complaint

Mrs H has complained about Aviva Life & Pensions UK Limited's decision not to honour a premium quoted for a life insurance policy.

What happened

The details of this complaint are well known to both parties. In summary Aviva sent Mrs H a quote illustration on 27 August 2021. It was valid until 25 September 2021, but Aviva didn't receive Mrs H's acceptance until 11 October 2021. By this time the quote had expired so Aviva prepared a new quote which Mrs H accepted. Unfortunately, Mrs H's date of birth had been inputted incorrectly on the application form. She realised the mistake in February 2022 and notified Aviva. It adjusted the premium.

Mrs H complained. She wanted Aviva to honour the original premium. Aviva didn't agree to do so but recognised it could have notified Mrs H of the error and advised Mrs H accordingly. It offered £200 in compensation. Our investigator didn't recommend that the complaint be upheld. Mrs H appealed.

Mrs H is represented by her financial adviser, but for simplicity I shall just refer to Mrs H.

I apologise for the time taken to arrive at this stage of our process.

What I've decided – and why

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

Firstly, I'm aware I've set out the background to this complaint in less detail than the parties and I've done so using my own words. No discourtesy is intended by this. Instead, I've focused on what I find is the key issue here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

I recognise that Mrs H will be disappointed by my decision, but I agree with the conclusion reached by the investigator. This is simply because the quote that Aviva originally offered, based on Mrs H's correct date of birth, was only valid for 30 days. There is nothing inherently unfair about that and it was clear from the illustration itself.

A new application was then made producing a new illustration. This was for a business life insurance option policy. Unfortunately, an error in the date of birth meant this illustration needed to be amended and ultimately led to a greater premium than that in the original illustration. Aviva explained why this was – due to a change in rate change and Mrs H passing a half birthday. Mrs H feels that Aviva should honour the original premium, but it wasn't obliged to do so. I note that it did offer Mrs H a discount, which I find was fair.

However, Aviva considered the error could have been corrected earlier, and it could have told Mrs H's adviser to go into the online portal and correct the date of birth. By this time the August quote had expired, but Aviva offered compensation because of the frustration that would have been felt. I think that was fair and reasonable in the circumstances.

I recognise that Aviva told Mrs H's representative that underwriting terms would be carried over, but that was in respect of a different product. The terms valid on the original application (Relevant Life Insurance) were only valid for that product and application. I don't find that Aviva erred in producing a new illustration based on the information given. I haven't disregarded Mrs H's representative's submission that in respect of another application Aviva honoured an original illustration. But this complaint concerns Mrs H, and I'm considering only Aviva's actions in relation to her. For the reasons explained, I don't find that Aviva treated her unfairly.

My final decision

Aviva Life & Pensions UK Limited made an offer to pay £200 in compensation and I find that the offer was fair in all the circumstances. I make no further award or direction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 1 December 2023.

Lindsey Woloski
Ombudsman