

## **The complaint**

Mr G as a trustee of the M Trust and Mr M complain about the documents AIG Life Limited require when claiming on a life assurance policy.

## **What happened**

Mr M took out a life assurance policy with AIG in February 2017. In September 2017 Mr M sent completed forms to AIG to hold the policy in trust. In October 2017 AIG sent confirmation to Mr M to confirm that the trust had been set up. This also confirmed that the original trust document (or a 'certified true copy') would need to be produced in the event of a claim. Mr M has told us that this wasn't received at the time.

In 2023, Mr M contacted AIG to confirm what the claim procedure would be should a claim be needed. AIG directed Mr M to the policy terms and conditions. Mr M raised a complaint as he was unhappy that the terms required the trustees to send a copy of the original Trust Deed before a claim could be paid.

In response to the complaint, AIG informed Mr M that their claims process is going through a redesign and in the event of a claim they would do everything they could to make the process quick and straightforward. They confirmed that they wouldn't insist on the original Trust Deed and would accept confirmation of there being no changes from the trustees over the telephone instead.

Mr M appreciated AIG relaxing their requirements for the original Trust Deed but was unhappy AIG's wouldn't provide a formal document to confirm their position. Mr M also felt that AIG's requirement for the original Trust Deed was an unfair contract term. He brought the complaint to our service to review.

Our investigator didn't uphold Mr M's complaint. They didn't think the term was unfair or it would be unreasonable for AIG to ask for the original Trust Deed. However, she said ultimately AIG had acknowledged that they wouldn't require the original Trust Deed if a claim was made.

Mr M didn't accept our investigator's outcome. He reiterated that he thought it was an unfair contract term but also sent a guidance document from the Financial Conduct Authority (FCA) about fair treatment of long-standing customers in the life insurance sector. Mr M also said that to not pay out based on the terms would not survive the scrutiny of a court.

Our investigator told Mr M that the additional information didn't change their outcome on the complaint. As a result, the complaint has passed to me to decide.

## **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.

Having done so, and whilst I appreciate it'll come as a disappointment to Mr G and Mr M, I've reached the same outcome as our investigator for the same reasons.

At the outset I acknowledge that I've summarised his complaint in far less detail than Mr M and Mr G have, and in my own words. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it's an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.

The policy terms and conditions specify the following:

*'if the **cover** is under trust, we will pay the benefit to the **trustee(s)**. The **trustee(s)** must then follow the terms to distribute the money to the chosen beneficiaries. **Trustee(s)** need to send us the original Trust Deed and any deeds altering the trust before we can pay any **benefit** to them.'*

Mr G and Mr M believe that this is an unfair contract term. I don't agree. As an insurer, AIG need to ensure that in the event of a valid claim, the policy benefit is paid to the correct person. The Trust Deed allows them to do this. I note that Mr M has sensibly given Mr G the original trust document and has also had certified copies made.

In any event, in response to the complaint, AIG has told Mr G and Mr M that they'll take confirmation of no changes to the Trust Deed over the phone. By doing so, AIG has confirmed they're willing to step away from the terms and conditions of the policy to help Mr G and Mr M in the event of a claim. The FCA guidelines provided by Mr M set out that firms shouldn't solely rely on terms and conditions and should take a more holistic consideration when assessing whether they're treating their customer fairly or not. As AIG has said they're willing to step away from the terms and conditions, I find they're following the FCA's guidelines. AIG has sent this in writing to Mr M and although I recognise this is the position at present, I think this is sufficient. I don't think AIG needs to do anything further.

I can appreciate why Mr M wants to ensure that the process is quick and simple if Mr G needs to make a claim on the policy. However, our role is to review the circumstances of the current complaint. It isn't to consider what may hypothetically happen in the future. If Mr G is required to claim on the policy and is unhappy with the service he receives, he will need to raise a complaint at that time. I also think it's worth confirming that our service is an informal dispute resolution service and is an alternative to a court.

I find that the actions taken by AIG in response to the complaint are fair and reasonable.

### **My final decision**

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G as trustee of the M Trust and Mr M to accept or reject my decision before 15 May 2024.

Anthony Mullins  
**Ombudsman**