

## The complaint

Mr F complains about Legal and General Assurance Society Limited, referred to as “*the business*”.

He’s unhappy that the business won’t refund his premiums after he stopped paying premiums and cancelled the whole of life policy (“the policy”). To put things right, he’d like the business to pay him £500.

## What happened

Mr F contacted our service in December 2022, after he’d spoken to the business about cancelling his policy, which he’d taken out in June 2016 paying around £30 a month. It was an over 50’s plan, taken out on a non-advised basis.

Mr F thinks it’s unfair that the business won’t refund some or all of the premiums paid upon cancellation.

One of our investigators considered the complaint but didn’t think it should be upheld. In summary, she said:

- Having considered Mr F’s rights, as set out in the policy terms and conditions – which the parties agreed to before going ahead – she can’t say that the business has done anything wrong.
  - Section 4 of the policy terms and conditions, deals with the payment of premiums. Section 4.3 explains what happens if premiums are stopped:
    - *“We are entitled to cancel this policy if any premiums are not paid within 30 days of their due date. If we cancel this policy, the policy will end and no further premiums will be collected and the benefit will no longer be payable...”*
    - *...We will not refund any premiums already paid”*
- The only exception is in cases where the policy holder reaches the age of 90 years of age, in which case the policy becomes paid up. This means premiums are no longer payable, but the benefit will be paid in the event of a valid claim.
- A recording of the conversation, which took place during the sale of policy, shows that the nature and operation of the policy was explained to him.
- For the reasons set out above, the business didn’t act outside of its agreement with Mr F when it declined to refund the premiums.
- Whilst other providers might’ve taken a different (and more sympathetic) approach – by refunding the premiums or making the policy paid up – the business hasn’t done anything wrong by not doing so. The business is entitled to operate under its own terms and conditions.

Mr F disagreed with the investigator’s view and asked for an ombudsman’s decision. He doesn’t accept the outcome is fair or reasonable.

As no agreement has been reached, the matter has been passed to me for review.

## **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, I agree with the investigator's conclusion for much the same reasons. I'm not going to uphold this complaint.

On the face of the evidence, and on balance, despite what Mr F says, I'm not persuaded that the business behaved unreasonably by refusing to refund the premiums paid after Mr F cancelled his policy.

Before I explain why this is the case, I think it's important for me to recognise the strength of feeling Mr F has about this matter. He has provided detailed submissions to support the complaint, which I've read and considered carefully. However, I hope he won't take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy.

The purpose of my decision isn't to address every single point raised under a separate subject heading, or undertake a forensic analysis of the evidence, it's not what I'm required to do in order to reach a decision in this case. I appreciate this can be frustrating, but it doesn't mean I'm not considering the pertinent points in this case.

My role is to consider the evidence presented by Mr F and the business, and reach what I think is an independent, fair, and reasonable decision based on the facts of the case – I'm not here to take sides.

In deciding what's fair and reasonable, I must consider the relevant law, regulation, and best industry practice, but perhaps unlike a court or tribunal I'm not bound by this. It's for me to decide, based on the information I've been given, what's more likely than not to have happened.

There's nothing within the key policy terms and conditions that would suggest that Mr F could obtain a refund of the premiums if he cancelled the policy – that's generally not how life cover works.

I'm satisfied that section 4.3 of the terms and conditions makes clear exactly what would happen if the premiums weren't paid, within the due date. As the premiums weren't paid, the business was entitled to cancel the policy as intended by Mr F.

I'm aware that there's an exception to the above rule, but Mr F would need to be 90 years of age before the policy could be made paid up so he wouldn't have to pay any more premiums and could still (subject to a valid claim) benefit from the sum assured being paid out.

If Mr F didn't read through the terms and conditions, which he's likely to have agreed to before going ahead with the investment, it's not something that I can blame the business for. I'm also aware that Mr F, of his own volition, chose to cancel the policy – this wasn't something that he was advised to do by the business.

I'm also aware that Mr F feels the premiums are too expensive, and he has two other policies in the place, that's probably why he wanted to cancel the policy. But that's not something I can consider, given that this is more likely than not to have been a non-advised sale. But I also don't think that's what Mr F is complaining about. I only raise the issue to dismiss it.

I understand that there's been some discussion about Mr F reducing the level of cover and thereby paying less by way of premiums in order to bring the cost down. But Mr F eventually decided to cancel the policy. Despite what he says, I can't say that the business overall treated him unreasonably.

The above notwithstanding, I'm satisfied that the nature and operation of the plan was made clear to Mr F. Therefore, I'm unable to say that anything has come out of the blue.

I appreciate what Mr F says about other businesses and their approach. But be that as it may, it doesn't mean that the business has done anything wrong by not doing something similar. The business isn't obliged to operate in the same way that another business might in these circumstances. A business is, in the reasonable exercise of its legitimate commercial judgement, entitled to decide how it will run its business – it's not something our service would get involved in.

Overall, and on balance, I've found that the business has operated reasonably. I appreciate Mr F will be thoroughly unhappy I've reached the same conclusion as the investigator, and I realise my decision isn't what he wants to hear. Whilst I appreciate his deep frustration and anguish, I'm not going to ask the business to do anything.

On the face of the available evidence, and on balance, I'm unable to uphold this complaint and give Mr H what he wants.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 4 August 2023.

Dara Islam  
**Ombudsman**