

## **The complaint**

Mr M complains about the renewal option The Royal London Mutual Insurance Society Limited trading as Scottish Provident gave him for his Renewable Self-Assurance policy.

## **What happened**

In May 2022 Mr M received a renewal option for his policy. Because of a large increase in the premium he complained to Scottish Provident.

Scottish Provident didn't uphold the complaint saying renewal premiums were calculated using the current set of rates and that age was a key factor in the increase.

Remaining unhappy Mr M brought his complaint to our service where one of our Investigators looked into what happened. They thought Scottish Provident were administering the policy in line with the terms and the documentation made it clear that premiums might change.

Mr M disagreed saying the increase was exorbitant. Because an agreement couldn't be reached the matter has come to me for a decision.

## **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.

Mr M has provided a lot of information about this complaint and it's clear to me how strongly he feels about what happened. I want to assure Mr M that I've read and considered everything that has been provided even if I don't mention it all in detail. I've summarised some things which reflects the informal nature of our service.

Also, whilst my role is to look at everything in detail, it's also to consider things 'in the round'. This means that I won't necessarily answer every question or point raised by Mr M as I'm satisfied that I understand the crux of the complaint.

To begin I think it's important to say that this complaint is about how the policy is being administered and not about how the policy was taken out. I understand there is a separate complaint being raised about the sale of the policy and those issues will be addressed in there. I'm looking at what happened with the 2022 renewal.

Mr M had a Renewable Self-Assurance Term policy. This means the policy is taken out for a particular term. At the end of the term Mr M is given the opportunity to renew the policy, which is what happened in 2012. When the policy came around for renewal in 2022 there was a very substantial increase in premiums.

When the policy comes up for renewal what happens is that the old policy finishes because the term has ended, and a new term policy is put in place. Scottish Provident then calculate the premium for another term using the current rates at that time. This is explained in the product literature:

*We will base the premiums for the new cover on the age of the life assured and our rates applying at the time of the renewal ..*

Other literature about the policy says:

*Please note that if you decide to take up the renewal option, we will set up your new benefit based on the current terms and conditions we offer. This means that your replacement cover may not be the same as your previous benefit.*

Looking at all the policy and renewal documents I'm satisfied it's made clear that any renewal is offered at the current terms at that time, and that factors such as age are taken into consideration. Also I think it's made sufficiently clear that a new policy (or cover) will be set up. This isn't a case of the old original policy staying the same and being reviewed. Here the old policy ends and a new one is set up on new terms, including recalculation of premiums.

A feature of this product is that the renewal option is offered without evidence of health. This is often a usual feature for policyholders.

One of the questions asked by Mr M was around a possible reduction in the sum assured keeping the same premium level. Policy information says any renewal will have the same level of cover as the previous policy. Whilst I can see why Mr M would've liked to explore that option it isn't a feature of the product.

Having carefully considered everything that happened I'm satisfied Scottish Provident acted fairly and reasonably when administering the policy and offering the option of a renewal.

### **My final decision**

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J, Mrs M and Mr M as trustees of the M Trust to accept or reject my decision before 27 November 2023.

Warren Wilson

**Ombudsman**