

## The complaint

Mr and Mrs V, as trustees of the V L Trust, complain about the way Aviva Life & Pensions UK Limited has administered a term assurance policy. They say the information provided failed to explain that the policy couldn't be renewed again after it expired in 2022. As Mr and Mrs V are the only trustees, I'll refer to them throughout.

## What happened

In 1975 a renewable level term assurance policy was taken. The policy had an original 10-year term but the cover was renewed on several occasions. The last being in September 2011 where a policy with Mr V as the life assured was taken out for a further 11 years. Around the time when the cover under the 2011 policy was due to end in 2022, Mr and Mrs V attempted to renew it again but Aviva said this wouldn't be possible, so the policy expired. Mr and Mrs V were unhappy about this as it left them without the cover they required. Following this they raise a complaint on behalf of the trust.

Aviva responded to the complaint but didn't uphold it. In summary it said:

- The new policy was created in 2011 (following the renewal of a previous policy). It confirmed what was included when the renewal option was exercised. It issued a new acceptance offer to show what is included and not included. At the new expiry date Mr V would have been over the maximum limit at which it allows the renewal option to be utilised, so it was unable to offer this feature. This is further confirmed on the policy documents which do state the renewal option is not available and couldn't be used again.
- It is unable to provide a new policy due to underwriting criteria meaning the application was declined.

Mr and Mrs V didn't agree with Aviva's response. So referred the complaint to this service for an independent review. One of our investigators looked into the complaint. They didn't find that the policy had been mis-sold. In summary they said they were satisfied Aviva had provided the relevant information regarding the renewal option, in a clear, fair, and not misleading way.

Mr and Mrs V didn't agree with the investigator's findings. They provided further submissions. In summary they said:

- The renewal letter should have included a specific clause notifying them of such an important change to the conditions of the policy.
- Without the inclusion of a renewable feature, they would never have taken out the policy back in 1975.
- They accept they were told to check the policy carefully to ensure that it met their requirements. But since the policy was not new, they had a right to assume that it did not contain crucial changes otherwise it should have been pointed out in the cover letter - hence they did not read the full document.
- As the policy had radically changed by the 2011 renewal, they never would have entered it with knowledge of the removal of the auto-renewal clause. So, Aviva should refund the premiums paid for the last 11 years.

As no agreement could be reached the complaint has been passed to me to reach 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.

Firstly, I acknowledge Mr and Mrs V's strength of feeling about the complaint. I acknowledge their upset and frustration at not having the life cover they understood would be in place and this has now left them in a position where it is extremely difficult to find alternative cover. But in order to uphold the complaint, I must find that failings by Aviva has resulted in the losses claimed.

From the submissions made by Mr and Mrs V, it is clear that when they original took out cover in 1975 they valued the renewal option on their original policy. This appears to have been a key feature that attracted them to the policy. It also appears that they understood that each time they renewed the policy, it was a continuation of the original policy. However, Aviva has explained that when the policy was renewed by itself in 2011, it was providing a new policy and not a continuation of an existing policy. My understanding of the situation is that Avia is correct in this statement.

As Aviva didn't sell the original policy, I can't hold it responsible for any misunderstanding about how the renewal option was originally explained. Aviva say Mr and Mrs V approached it directly in 2011 to exercise the option on the current policy to renew. It says no advice was given on the suitability of the new policy and it just provided a quote based on the information given in the renewal application. As Mr and Mrs V had previously been able to renew on more than one occasion, I understand why they assumed that this was a feature that was a continuous element of the original policy they took out. But I haven't found that a failing by Aviva has resulted in misleading Mr and Mrs V about how the renewal feature works.

I've looked at the information available from the time the 2011 renewal was completed. Due to the passage of time, I haven't been provided with full information, but there is some documentation to explain what was included as part of the new policy. The application form that was completed shows Mr V was to be the person covered. There is a question that says, "*Are you the person to be covered by the new policy*" this is answered "yes". This followed by a note that says the people covered by the new policy must be the same as the current plan. Details were given relating to Mr V's smoking habits and type of occupation, indicating this was to be considered as part of premium and availability of cover considerations. All of this further supports this was a new policy, not a continuation of an existing one. It also details the renewal option is being exercised and a £500,000 sum assured over 11 years is requested.

I've also reviewed the copy of the policy schedule that was provided after the policy had been accepted. This shows a new policy number was given. It details the premium payable for the sum assured and term requested (which is in line with the application). There is a section regarding the features included – this says renewable option not included. It also gives a warning that the policy should be reviewed carefully to ensure it meets your requirements.

Having considered the available evidence, I haven't found that Aviva mis-led Mr and Mrs V about the features of the new policy they took out in 2011. It is clear from the schedule that the new policy didn't include a renewal option. While Mr and Mrs V assumed it did, I've already explained why I don't think Aviva is at fault here.

I understand that Mr and Mrs V believe that Aviva should have done more to alert them to the fact the new policy didn't come with the same features as the previous policy. I've carefully considered this point, but I'm not persuaded it was required to do this. As I've explained, this was a new policy. Aviva set out the terms on which it was prepared to offer cover and what this included. Aviva has given reasons for the renewal option not being offered (due to Mr V exceeding the maximum age). It is able to make decisions on the cover it offers when agreeing a new policy, so I don't find it has acted incorrectly here. Mr and Mrs V accepted the quote and cover terms offered. It is unfortunate that they didn't appreciate the new policy wasn't the same as the original and previously renewed policies but I don't think this is sufficient to say Aviva is at fault.

I note Mr and Mrs V have requested a refund of premiums for the 2011 policy. They say they wouldn't have agreed to the policy had they understood it couldn't be renewed. Aviva were on risk for duration of this policy, and although no claim event occurred, cover was still provided. For reasons explained, I've not found Aviva at fault for how it explained the new policy, so I'm unable to recommend premiums be returned.

I understand Mr and Mrs V will be disappointed with my findings, but I haven't found reasons to say Aviva is at fault. It follows that I won't be asking it to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs V as trustees of the V L Trust to accept or reject my decision before 23 November 2023.

Daniel Little  
**Ombudsman**