

## **The complaint**

Mrs T complains that her Guaranteed Over 50 Plan which she took out with Aviva Life Services UK Limited ("Aviva") is unfair. She says she's paid more in premiums than the policy will pay out.

## **What happened**

In August 2001, Mrs T took out a whole life policy with Aviva. She selected to pay a £6 monthly premium, payable quarterly, and a guaranteed death benefit, after two years, of £940. The amount payable would be higher in the event of Mrs T dying whilst travelling.

Mrs T says she's now paid £1,620 in premiums which is more than Aviva will pay out.

Aviva said it didn't advise Mrs T to take out the policy and that the nature of it is such that policy holders who live longer risk paying more in premiums than the sum assured. It said Mrs T could continue paying for the policy up until the age of 95 to ensure the sum due is paid out, or she can stop making the payments and the policy will pay out £721 when she dies; or she can stop making the payments and cancel the policy and she will receive £629.05. (These figures are as at 11 August 2023 when Aviva sent Mrs T its final response to her complaint).

Our investigator didn't recommend that the complaint should be upheld. She concluded that Aviva hadn't advised Mrs T to take out the policy, so wasn't responsible for ensuring it was suitable for her. And that Aviva warned Mrs T of the risk that the premiums paid could be greater than the amount the policy pays out.

Mrs T didn't agree. She said, in summary, that she couldn't have read the information about the policy properly because, had she known she could pay more in premiums than the policy was worth, she wouldn't have taken it out. She said the policy was unfair, that the amount she was being offered wouldn't pay for a cremation, and that she should have kept her money in a bank account.

## **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 find I have come to the same conclusion as the investigator for largely the same reasons. I do understand Mrs T's concerns and why she feels so strongly that she's been treated unfairly - because she's paid more in premiums than the policy will pay out. But I'll explain why I don't think Aviva has acted unfairly or unreasonably.

The plan was sold more than 20 years ago so I can't say exactly what happened and I don't expect Mrs T to remember what she was told, or what she read about the policy, before she decided to take it out. So I've relied on the paperwork Aviva has been able to provide from the time of the sale.

Aviva didn't give Mrs T advice, so it wasn't responsible for ensuring the policy was suitable for her needs. But it did need to ensure Mrs T was given enough information so she could decide for herself if the policy was appropriate for her.

I can see from the application form that Mrs T chose to pay a monthly premium of £6 and that it was reasonably clear that this guaranteed her a death benefit of £940 after two years, or £2,820 if she died as a result of an accident (as defined in the policy terms). Whilst Mrs T isn't happy that the amount the policy will pay will cover funeral costs, I'm satisfied that the value of the policy was clear and that she chose this value by selecting the corresponding premium payment. It wasn't a funeral plan, and I don't find there was any suggestion that the amount would increase with inflation.

The application made it reasonably clear that Mrs T should read the key features of the policy before deciding to take it out. The key features included a relatively prominent box with the heading "Risk Factors", and this included the following wording:

*"If you live long enough the total premiums paid will eventually be greater than the amount payable on death."*

And there were some illustrations which showed that in the later years of the policy, the policyholder might get back less than they paid in premiums.

I appreciate Mrs T feels she can't have read that information properly because she says she wouldn't have taken out the policy if she had. But I'm satisfied the warning was in the information she received before she decided to take out the policy, and that it was clear and not misleading. I can't hold Aviva responsible if Mrs T didn't read the information or made an incorrect assumption about how the plan worked.

I recognise Mrs T has now paid more into the policy than the guaranteed fixed sum and she feels the policy is unfair. The way these plans work is that some policyholders will end up paying more in premiums than the policy ultimately pays out. That sort of risk is part of the very nature of insurance and there is nothing inherently wrong with this – but we do expect that the risk is highlighted in the policy documents. Here it was.

In all the circumstances, I can't say that the policy was mis-sold to Mrs T or that Aviva has treated her unfairly or contrary to the policy terms.

In its final response to her complaint, Aviva gave Mrs T two alternatives if she didn't want to continue to pay the premiums as I've briefly set out in the "What happened" section above. I think Aviva has treated Mrs T fairly by providing her with these alternatives and I understand she's now cancelled the policy.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 30 October 2023.

Elizabeth Dawes  
**Ombudsman**