

The complaint

Mr N and Mrs N as trustees of a decreasing term assurance policy (the DTA) complain that Mr N was mis-informed by Scottish Widows Limited that he would be able to increase the sum assured on the policy.

What happened

In April 2009 Mr N was advised to take out a 'protection for life plan' with Scottish Widows that included two policies. The first was a DTA which provided critical illness cover and life cover with a sum assured of £171,000 for a term of 25 years at a premium of £102.15 to cover a mortgage. The second was a whole of life policy in the sum of £7,500 for a premium of £19.37 for funeral costs.

Shortly after he had taken out the DTA he applied to reduce the premium to £80 with a sum assured of £132,798. He applied to reduce the premium further a few months later to £69.10 with a sum assured of £114,000. It appears there may have been a further change as I have seen a plan summary from April 2012 which shows the DTA has a premium of £59.10 with a sum assured of £96,615 and the whole of life policy has a sum assured of £5,000 with a premium of £13.91.

Mr N has now complained that he is unable to increase the sum assured for the DTA, as he says he was led to believe he could. Scottish Widows didn't uphold the complaint. It said that it had never been possible to increase the amount of cover for the type of policy Mr N took out and that the only way to increase cover was by taking out a new policy. It explained it didn't offer the same policy anymore but an alternative policy was available that could provide the level of cover he wanted.

Mr N referred the complain to us and it was considered by one of our investigators. She said that the policy provisions and key features document don't say that it is possible to increase the sum assured.

In response Mr N said that he had said what he believed to be the case based on what he had been told at the time when he reduced his policy – namely that when things get better to let them know so he could increase his policy.

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 conclusions of the investigator. In short I am not persuaded that Scottish Widows has done anything wrong.

Mr N is unhappy that he has been unable to increase the sum assured under the DTA he took out in 2009, as he says he was led to believe would be the case when he came to reduce the premium and sum assured, shortly after taking out the policy.

The documents available include the policy provisions and key features document and there is nothing in those documents that suggests that there is any right to apply to increase the sum assured. I have also considered the options provided in the document titled 'Making a Change to a Protection for Life Plan' completed by Mr N when he reduced the premium in 2009. There were five options one of which was reducing the premium/sum assured - which was the option selected by Mr N. None of the options allowed for increasing the sum assured for the DTA (or the whole of life plan). So, I think the document he completed at the time of reducing the sum assured made clear that increasing the sum assured wasn't one of the options available under the policy.

In the circumstances I am satisfied on the evidence available that there isn't any option to increase the sum assured under the DTA – or the whole of life plan for that matter. And from what Mr N said in response to the opinion of the investigator he doesn't appear to be arguing that there is. Rather his complaint seems to be that he was led to believe there was such an option when he reduced the premium in 2009.

I have no reason to question his belief but I am mindful that he is recalling events from many years ago and because of this his recollection is unlikely to be accurate. I am therefore not satisfied that his belief arises from him being misinformed in 2009. As I have said, the document he completed to reduce his premium in 2009 made clear what changes could be made to the policy and that increasing the premium wasn't one of the options. I think it is unlikely that this is something that whomever he spoke to would have got wrong.

One final point I would make is that there is nothing to indicate that he would have done anything differently even if he had understood that he wouldn't be able to increase the sum assured under the DTA at some future date. In short, there is no evidence he wouldn't still have reduced the sum assured under the DTA in 2009 in any event and been in exactly the same position as he is now.

My final decision

I don't uphold this complaint for the reasons I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N and Mr N to accept or reject my decision before 12 December 2023.

Philip Gibbons
Ombudsman