

The complaint

Mr W and Miss W complain that Aviva Life & Pensions UK Limited failed to send them the outcome of their policy reviews in 2010 and 2015.

What happened

Mr W and Miss W had a joint whole of life policy with Aviva which was taken out in 1990 with a sum assured of £50,000 and a monthly premium of £50. Mr W is bringing this complaint with the consent of Miss W but I will refer to Mr W throughout.

In 2020, Mr W received a statement which confirmed the policy sum assured was £18,563. He contacted Aviva as he wasn't aware this could happen. He complained that he wasn't told over the years that the policy value had reduced. Aviva said it had reviewed the policy in 2010 and 2015 and the sum assured had decreased at each review in line with the terms.

Our Investigator upheld this complaint. He explained that Aviva had confirmed the policy reviews hadn't been sent as it didn't have the correct addresses on file for Mr W. But Aviva had confirmed the address history, which showed it had Mr W's address in 2015 and the Investigator couldn't see any reason as to why the review wasn't sent. The Investigator said that he felt Mr W would've kept the policy at the 2010 review as the reduction in sum assured was fairly small. But the Investigator felt Mr W would've surrendered the policy in 2015 when the sum assured reduced to £18,563 – as he's since surrendered it having found out about the sum assured.

Mr W and Miss W accepted the outcome. Aviva disagreed. It said it didn't have the correct addresses on file but later acknowledged it did but couldn't work out what had happened. As no agreement has been reached, the complaint has been passed to me.

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 considered the evidence, I agree with the Investigator and I'm upholding this complaint, broadly for the same reasons.

Mr W and Miss W's complaint is that they weren't made aware of the reduction of the sum assured, and I can't see Aviva made them aware until 2020. Aviva has supplied us with its address history for Mr W. And it's provided us with a screenshot to show that neither the 2010 or 2015 review letter was sent – it said this was because it didn't have a current address for Mr W or Miss W.

It's not clear where the review letter should've been sent in 2010 – when Mr W's sum assured was first reduced. But, given the reduction was to around £45,000 cover I think it's likely Mr W would've felt it was still worthwhile for the premiums he was paying.

It's not clear why Aviva is saying it didn't have an address for Mr W in 2015, because the address history it provided to us showed it had Mr W's correct address for the time. So, it's clear it made an error in not sending Mr W's 2015 review letter. And the reduction of cover to £18,563 was likely to lead to Mr W taking different action had Aviva correctly sent the review letter.

I say this because Mr W cancelled the policy when he discovered the sum assured was greatly reduced, and that this wasn't a mistake. So, I think it's likely he'd have taken this action as soon as he was made aware – which ought to have been in 2015 when the review letter should've been sent to his address. So, Mr W and Miss W should be put in the position they'd be in had the policy been cancelled at the time of the 2015 review.

Putting things right

As I think Aviva has made an error in not sending the 2015 review letter to Mr W or Miss W, it needs to put them in the position they would be in had the review been communicated. As I think the policy would be cancelled, Aviva Life & Pensions UK Limited must do the following:

- Pay Mr W and Miss W the surrender value of their policy at the 2015 review date, plus 8% simple interest per annum from that date to the date of settlement.
- Pay Mr W and Miss W a refund of premiums paid since the 2015 review plus 8% simple interest per annum from the date each premium was paid to the date of settlement.

If Aviva Life & Pensions UK Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr W and Miss W how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've explained, I uphold this complaint. Aviva Life & Pensions UK Limited must follow the instructions I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Miss W to accept or reject my decision before 13 December 2022.

Charlotte Wilson
Ombudsman