DRN-4438641

The complaint

Mrs K complains that, following the death of her husband, Phoenix Life Limited made it overly difficult to change the direct debit details to collect the premiums for a whole of life policy. She says that because of the delays premiums were missed and to re-instate the policy Phoenix Life now requires a new health declaration. Mrs K wants the policy re-instated without the need for further information or a new health declaration.

What happened

Briefly:

- Mrs K jointly held a whole of life policy with her husband.
- In October 2022, following Mrs K's husband's death, she contact Phoenix Life to attempt to change the bank details on the direct debit mandate to allow the policy premiums to continue to be paid. Phoenix Life says it sent Mrs K a new mandate.
- Mrs K says she didn't receive the new direct debit mandate, so in November 2022 she chased things up and Phoenix Life sent another one.
- Mrs K says she duly completed and returned this form by post to Phoenix Life.
- In January 2023, Mrs K phoned Phoenix Life to check if it had received it, but it said it hadn't. Mrs K sent another form by recorded delivery, which Phoenix Life received on 20 January 2023.
- By this time, Mrs K had missed three monthly premiums (the last premium paid was in October 2022), so Phoenix Life said that to re-instate the policy it required a declaration of continued good health from Mrs K, a medical consent declaration and payment of the outstanding premiums.
- In February 2023, Mrs K complained to Phoenix Life about her experience in trying to change the direct debit details and asking why it is now asking for declarations and extra forms to be completed to change it. She asked why the direct debit isn't just being switched over.
- On 7 March 2023, Phoenix Life issued its final response saying that it didn't believe it had done anything wrong. It set out the sequence of events I have described above and said that it followed the correct procedures as set out in the policy terms and conditions.

  It said it needed the health declaration and outstanding premiums from Mrs K before the policy will be reinstated. It apologised for not receiving the returned direct debit mandate in time, but said it couldn't be held responsible for lost post.
- Dissatisfied with its response, Mrs K brought her complaint to us. She said that other companies are happy to change direct details by phone and she doesn't believe

Phoenix Life didn't receive her returned forms. She says Phoenix Life made it intentionally difficult to change things at what was a particularly difficult time for her.

- One of our Investigators considered the matter and they concluded Phoenix Life had done nothing wrong. They said the terms of the policy allowed a thirty day grace period for payment of missed premiums. They said because Mrs K had missed three month's premiums, it wasn't unreasonable for Phoenix Life to require her to complete a declaration of continued good health before it reinstated the policy. They said it was a commercial decision of Phoenix Life not to accept direct debit changes over the phone and it couldn't be responsible for delayed or lost items sent in the post. They added that there were postal strikes around the time Mrs K sent her direct debit mandates, which might have impacted things. Overall they said Phoenix Life had made the status of the policy clear and what Mrs K needed to do to reinstate the cover.

- Mrs K didn't accept the Investigator's findings. She said she made every effort to update the direct debit at a very difficult personal time. She said she finds it surprising in a modern world that Phoenix Life doesn't provide the ability to update these kind of details by phone or online, making it unreasonably difficult.

Because the matter couldn't be resolved informally, the complaint was passed to me for a final 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.

I've taken into account relevant law and regulations, regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

Having done so, I've decided to not uphold this complaint for broadly the same reasons as the Investigator gave. There's not much more I feel I can usefully add to what Mrs K has already been told, but my reasons are set out below.

- While Mrs K believes Phoenix Life made it difficult to change the direct debit details for her policy by insisting on completion of a new paper-based direct debit mandate rather than allowing things to be changed over the phone or online, this is a commercial or business decision taken by Phoenix. And in the circumstances, I don't consider it to be unreasonable.

- Mrs K says she doesn't believe Phoenix Life didn't receive her returned completed direct debit forms in time. I've seen nothing to show or suggest that Phoenix Life did receive Mrs K's completed direct debit mandate before 20 January 2023 and that it failed to act on it. It would appear that the form was lost in the post, which it wouldn't be fair or reasonable to say was the fault of Phoenix Life.
- By the time Phoenix Life received Mrs K's completed direct debit mandate on 20 January 2023, three monthly premiums were missed and it told her that to re-instate the policy, medical underwriting was required – she needed to complete a declaration of continued good health and medical consent declaration. I can see Mrs K is unhappy about this, but I don't think its requirement is unreasonable in the circumstances. In my view, this is in line with typical industry practice for situations

and policies like Mrs K's. So, I won't be directing Phoenix Life to re-instate her policy without the need for her to satisfy its re-instatement requirements.

- I'm satisfied Phoenix Life acted in accordance with the policy's terms and conditions After the 30 day grace period to allow for payment of the missing premium, it made the policy paid up. Mrs K was made aware, in writing, of the missing premiums and the subsequent paid up status of the policy and what this meant. She was also given alternative means by which to pay the outstanding premiums, including making payment by cheque or cash.

Overall, while I'm mindful that this was a difficult time for Mrs K and I'm sorry to hear about the sudden unexpected loss of her husband, for the reasons above, I find that Phoenix Life has not acted unfairly or unreasonably here or otherwise done anything wrong. So, I don't uphold this complaint.

My final decision

I've decided to not uphold this complaint, so I make no award in Mrs K's favour.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 12 August 2024.
Paul Featherstone
Ombudsman