

The complaint

Mrs A brings this complaint as a representative on behalf of Miss A and Miss A (both minors), but for ease I will only refer to Mrs A. She complains that Family Assurance Friendly Society Limited trading as OneFamily (OF) returned her premium payments for the Junior Bonds they held because they were not sent by Direct Debit.

What happened

Mrs A pays the premium of the Junior Bonds ending in 985J and 987A. OF contacted Mrs A in March 2024 to inform her that all premium payments must be made by Direct Debit. They returned the £25 and £15 premium payments she'd made by standing order.

Mrs A said she had been able to make payments by standing order in the past and said OF shouldn't be allowed to make a change to the terms and conditions after an agreement is in place. She has made payment towards the bonds since 2017 and said she was unable to make payments any other way due to her mobility issues. She said she couldn't go to the local branch, and she was worried about falling into arrears and complained to OF in April 2024 but said she felt victimised for escalating her complaint.

OF say, in March 2024, when requesting all premium payments to be made via Direct Debit, they sent Mrs A the form to complete to set up the payment. Their final response letter in April 2024, referred to their terms and conditions which confirmed they do not accept cash, standing orders or cheques for payment of premiums. They didn't uphold her complaint. Unsatisfied with this response, Mrs A brought her complaint to this service. To resolve her complaint, she would like OF to accept standing order payments and to be compensated for the pain and suffering she has encountered.

An investigator here considered the complaint and didn't uphold it. He said the terms hadn't changed since the accounts were opened and have not been changed specifically to treat her any differently to others. He said he didn't think OF had done anything wrong, and their terms and conditions were clear.

As Mrs A didn't agree with the investigator, this came to me for a decision. For clarity, I think it's important to add, I have not considered all the complaint points Mrs A raises in her communications on 14 October 2024. I have limited this decision to the complaint raised about the rejected standing order payments and the related changes to the terms and conditions of the account. It would be unfair to comment on the additional points Mrs A has now raised as OF have not been given the opportunity to consider or respond to these. She must direct these new complaint points to OF for consideration first.

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.

Whilst I may not address each point individually, I would like to reassure Mrs A, I have considered all the information provided and reached what I think is an independent, fair and reasonable decision based on the facts of this case. Having done so, I agree with the

investigator's conclusion for broadly the same reasons, so I won't be upholding this complaint. I will explain further.

OF say they returned the payments to Mrs A because they had received payment of the premium via standing order, and this was not an acceptable form of payment. Their up to date policy terms specifically exclude payment by standing order. So, I have considered whether any change to the terms and conditions was fair and reasonable.

I take on board Mrs A's point about the change of terms after the Junior Bonds were taken out in 2017. However, the fact that a business has an established way of operation doesn't mean a change cannot be made to this. OF can make a commercial decision to change the way in which they receive payment of premiums, and they are entitled to do this. It is not uncommon or unreasonable for a business to make this kind of decision provided the business have been reasonable in the way in which they effect a change.

The Conduct of Business (COBS) rules set by the regulator the Financial Conduct Authority, outlines the obligations on OF when making changes. COBS rule 20 makes a clear distinction between changes to the principle of *policies* and the *practices* about how policies are administered. Here OF have made a change in the *practices* on how these policies are administered and so the requirement is they must let policy holders know within a reasonable timeframe. As such, there is no obligation on OF to inform Mrs A in advance of the changes they made.

I have looked at whether Mrs A was made aware of the changes and within a reasonable timeframe. OF wrote to Mrs A twice in March 2024 requesting payment by Direct Debit and asking her to complete and return the forms. This is made clear in OF's letter to Mrs A on 11 March 2024. They say she made overpayments which can't be applied to this type of investment. The letter clearly states the reason the payments were returned and specifically states *"Further payments into the policies will need to be made by Direct Debit, so we would be grateful if you could complete and return the Direct Debit mandate sent out to you on 5 March 2024 at your earliest convenience."*

Mrs A herself refers to page 16 of the terms and conditions of the account under the heading 'Paying into Junior Bonds'. It says *"Payment methods: We accept payment of monthly or yearly by Direct Debit. We do not accept cash, standing orders or cheques."* I'm satisfied she was made aware of the terms and conditions of the policy within a reasonable timeframe and have satisfied the requirements of the COBS rules.

OF had previously allowed her to make payments of arrears via standing order, and I understand why Mrs A feels this should continue. She says there is no clause in the terms and conditions which says receiving payment via anything other than Direct Debit would be a breach and says a lump sum/altogether payment can also be made. As I've mentioned above, I think the terms are clear in saying they will not accept payment of premiums by cash, standing orders or cheques. The receipt of lump sum/altogether payments is in relation to the payment of arrears only. The terms and conditions of the bond state if you miss any payments during the payment term, you have 13 months to make these up in one lump sum and will still be able to continue paying into the bond. This is separate to the concerns around the method of payment available to Mrs A to make her monthly premium payments.

Regardless of any previous arrangements, OF are not obligated to receive further payments in the same way. Ongoing payments of premiums being made by direct debit is standard practice and I do not consider it unreasonable that OF would ask to receive payment of premiums by a single method.

Mrs A says she was stopped from making payments via standing order because she raised

a complaint about OF. I have listened to the call on 24 April 2024 between Mrs A and OF. The call handler does confirm this is why the service was withdrawn but, listening to the entire call, it's clear the call handler was trying to explain that errors had been made and they were trying to prevent this from continuing. OF have made me aware that feedback has already been given to this call handler. Also, it is important to point out, Mrs A has raised several other complaints against OF, in relation to these Junior Bonds and others. Many of these complaints involving returned payments have been escalated to our service, and it is clear Mrs A had repeatedly been made aware as early as 2023, that payments should be made via Direct Debit. This is an issue which pre-dates the complaint raised here, so, I am not persuaded that this call was enough to say Mrs A was victimised or treated unfairly.

I've also looked at whether using this payment method would have a detrimental impact on Mrs A and add to her difficulties. OF have sent Mrs A the forms numerous times and so setting up a Direct Debit should assist Mrs A as she will not need to worry about making regular payments or falling into arrears. The premium payments are for a pre-agreed amount and will automatically be taken from the account once the forms have been completed and returned to OF. Mrs A has mentioned her mobility issues, and this process will not require any additional tasks from her or require her to go into a branch to make these payments.

Whilst I appreciate the strength of her feelings, I am not persuaded Mrs A has been treated unfairly or was victimised for escalating her complaint. As such I will not be upholding this complaint.

My final decision

For the reasons given above, I do not uphold this complaint against Family Assistance Friendly Society Limited, trading as OneFamily.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A (on behalf of Miss A and Miss A) to accept or reject my decision before 11 January 2025.

Naima Abdul-Rasool
Ombudsman