Financial Ombudsman Service

The complaint

Mrs P complains about the surrender value of a whole of life insurance policy she held with Aviva Life & Pensions UK Limited.

Mrs P is being represented in her complaint by a family member. For ease I will refer to all actions as being those of Mrs P.

What happened

In late 2022 Mrs P, through her financial adviser, asked Aviva to start the process of surrendering the policy. When the information arrived the surrender amount was less than they were expecting.

Mrs P complained to Aviva who looked into what happened. They provided information about the policy including a schedule of the premiums paid and charges. They explained how the policy worked but didn't uphold the complaint saying the correct amount had been paid.

Remaining unhappy Mrs P brought her complaint to our service where one of our Investigators considered the issues. They thought Aviva had acted fairly and in line with the policy terms.

Mrs P disagreed drawing a comparison to a policy of the same type held by another family member which paid out a different surrender amount.

Because an agreement couldn't be reached the matter has come to me for a 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.

Mrs P has provided a lot of information about her complaint and it's clear how strongly she feels about what happened. I want to assure Mrs P that I've read and considered everything that has been submitted even if I don't mention it all in detail. I have summarised some things which reflects the informal nature of our service.

I think it's important to be clear that this decision is only about the administration of the policy. If Mrs P has any concerns about the suitability or appropriateness of the policy, then that needs to be raised with the business responsible for the sale.

In their letter of 20 June 2023 Aviva explained how the policy works with premiums used to buy units in the chosen fund with the cost of cover being deducted. Importantly for what happened here they said the main aim of the policy was to provide life benefit and it was not designed as a savings plan. They went on the say that there is always a risk with this type of policy which means it may not grow as much as was expected. I think this is a fair explanation of how the policy works and that the main purpose was for life cover.

I've reviewed all of the available information about the policy including schedule of premiums paid, policy schedule, copies of some letters sent over the years, as well as fact sheets for the investment funds. Having done so I'm satisfied the policy was administered as it should have been and haven't seen any evidence of mismanagement. I'm satisfied the funds were invested as they should've been and there has been investment growth over the years. I also haven't seen that any errors were made with the surrender calculations which was checked by Aviva and their actuaries.

The basis of a lot of the complaint points seem to come from a comparison with another whole of life policy held by a family member. I can't comment on anything about that policy as it isn't the subject of this complaint. And my role here is to investigate Mrs P's policy and surrender value which is what I've done.

But for the sake of completeness what I can say is that from what I've seen the policies are not exactly the same in every aspect. So it's natural the surrender values would be different.

Having carefully considered everything that happened I'm satisfied Aviva treated Mrs P fairly and reasonably. I haven't seen that any errors were made with the administration of the policy and nor with calculating the surrender value, so I won't be asking them to take any further action.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 17 December 2024.
Warren Wilson
Ombudsman