An tOmbudsman Seirbhísí Airgeadais agus Pinsean
Financial Services and Pensions Ombudsman

Decision Ref:	2022-0229
Sector:	Insurance
Product / Service:	Term Insurance
Conduct(s) complained of:	Lapse/cancellation of policy (life) Delayed or inadequate communication
Outcome:	Rejected

LEGALLY BINDING DECISION OF THE FINANCIAL SERVICES AND PENSIONS OMBUDSMAN

The Complainant incepted a **Level Term Assurance Policy** with the Provider on **12 May 1994** for a term of 25 years, with a sum assured of **IR £25,000.00 (€31,744.00)** payable in the event of the death of the insured.

This complaint concerns the events of 25 years later, when the Complainant says the Provider, in **May 2019**, cancelled this policy without his knowledge.

The Complainant's Case

The Complainant sets out his complaint in the **Complaint Form** he completed:

> *"I noticed in August 19 my monthly* [premium] *payment was not taken out from my wife's account since May 19. I phoned* [the Provider]*, said my insurance was terminated since 12-5-19, I told* [the Agent] *I got no notification, he said it was sent to my old address* [address redacted]*. My son & wife live there & they got no letter for me.* [The Agent] *said they will send a copy on 12-8-19. I did not receive any letter so on 23-8-19 I phoned again & received a letter saying the policy was to be cancelled* [dated] *2-3-19 …*
>
> *If I had passed away, my wife would be left with nothing and bills to pay"*,

The Complainant states in the **Complaint Form** that in order to resolve this complaint,

"I wish to get my 25 years [premium] *payments back plus compensation or reinstated with no penalty's"*.

The Provider's Case

The Provider says that the Complainant incepted a **Level Term Assurance Policy** with it on **12 May 1994** for a term of 25 years, with a sum assured of **IR £25,000.00 (€31,744.00)** payable in the event of the death of the insured before **12 May 2019**.

The Provider confirms that the Complainant's policy was not cancelled, and rather it ran its normal expected term and expired after 25 years on the scheduled expiry date of **12 May 2019**. The Provider is satisfied that this expiry date was detailed in the policy documentation from the outset, in that the **Policy Schedule** dated **12 May 1994** clearly states the period of cover to be from **12 May 1994** to **12 May 2019**.

The Provider says it wrote to the Complainant by standard post to the address on file on **2 March 2019**, some two months prior to the expiry of the policy, to advise that his policy was due to expire on **12 May 2019**. This letter also suggested that he contact his broker if he was thinking of taking out new protection cover.

The Provider says this letter was not returned to it by An Post as undelivered, and that it received no requests from the Complainant during the term of the policy to change the correspondence address. It also sent a copy of this letter to the Complainant's broker on the same date.

The Provider says its procedure is to write to a customer two months before the policy expiry to the address on file to allow them time to arrange further cover should they wish to do so. It also sends a copy of the letter to their broker. The Provider does not expect a reply directly from the customer as there are no options contained in the letter for the customer to reply to. The Provider notes that the normal route for someone wishing to take out a new policy would be by way of their broker, who could then interact with any insurer in the market and who may not necessarily revert to the Provider.

In circumstances where correspondence is returned as undelivered by An Post, the Provider says it contacts the broker in an attempt to obtain an up-to-date address for the customer. Depending on the situation, the broker may want to contact the customer directly or the Provider may attempt to contact the customer by telephone. However, as the letter of **2 March 2019** was not returned to it by An Post as undelivered, the Provider says it was reasonable for it to believe that the Complainant had received his post.

The Provider says that the **Life Insurance Proposal Form** at the time in **1994**, provided flexible options for a number of different types of policies.

The application for the Complainant's policy shows that he chose a 25-year level term assurance policy, and the **Policy Schedule** confirms the benefit type as *"LEVEL TEMPORARY*

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INSURANCE". For this type of policy, the Provider confirms that the benefit, term and premiums are set at the outset of the contract and remain level for the policy term. The Provider says that the **Level Term Assurance Policy** does not provide an option to continue with the benefit cover beyond the expiry date, in that there are no conversion options attaching to the policy.

The Provider says that if the Complainant had sought further life assurance cover in **May 2019**, he would have needed to commence a new policy by way of completing a new application form and applying for cover subject to the medical underwriting requirements of the new policy and the premium rates for the current age. The Provider notes that the Complainant still has the option to propose for a new policy. To make such an application, the Provider recommends that the Complainant discuss with his broker, the most suitable product that meets his current needs. The Provider says it always wants new business, especially from an existing customer, and that it can provide quotations for a new policy should the Complainant or his broker require.

The Provider notes that the Complainant telephoned it on **6 August 2019** to query why premiums were not being deducted from his account and he was informed that his policy had expired in **May 2019**. In that regard the Provider says that if, as the Complainant has stated, the letter of **2 March 2019** addressed to him, was not received, he was nevertheless on notice from **August 2019,** that he had no cover.

The Provider says that because there was no claim event from **May 2019** to **August 2019**, the Complainant was not disadvantaged, in that he still had the same option in **August 2019** as he had in **May 2019**, to take out a new policy, if required.

The Provider says that in **1994**, the Complainant applied for and obtained the cover of a **Level Term Assurance Policy** with life benefit of **IR £25,000.00 (€31,744.00)** for a term of 25 years. The Provider notes that if the Complainant had died within this 25-year period, it would have paid out a valid claim under the terms and conditions of the policy. The Provider says it collected premiums as arranged monthly, by direct debit ensuring that the policy was in force for the term and that it stopped presenting for payment once the policy had expired.

As the Complainant has not had any benefit cover in the interim period and also has not paid any premium for cover, the Provider says it could be argued that he is in a better financial position now as a claim event thankfully did not occur in the interim period and premiums have not been paid.

The Provider notes that if cover is still required, the Complainant should engage with his broker to see what product / cover would now be suitable for his current circumstances. The Provider notes that this is the same position the Complainant would have encountered in **May 2019**.

In response to his comments that *"I wish to get my 25 years* [premium] *payments back plus compensation or reinstated with no penalty's* (sic)*"*, the Provider says it does not see

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any basis or logic to the Complainant's request for a return of the premiums paid, given that it provided him with insurance cover for the entire 25-year policy period.

The Provider says the policy expired on **12 May 2019** and its reinstatement was not feasible in **May 2019** nor is reinstatement possible now. In addition, it is the Provider's view that there is no case to answer that would result in a compensation payment as requested.

The Complaint for Adjudication

The complaint is that in May 2019, the Provider wrongfully cancelled the Complainant's **Level Term Assurance Policy** without his knowledge and failed in its duty of care to ensure that he was informed of the policy cancellation.

Decision

During the investigation of this complaint by this Office, the Provider was requested to supply its written response to the complaint and to supply all relevant documents and information. The Provider responded in writing to the complaint and supplied a number of items in evidence. The Complainant was given the opportunity to see the Provider's response and the evidence supplied by the Provider. A full exchange of documentation and evidence took place between the parties.

In arriving at my Legally Binding Decision, I have carefully considered the evidence and submissions put forward by the parties to the complaint. Having reviewed and considered the submissions made by the parties to this complaint, I am satisfied that the submissions and evidence furnished did not disclose a conflict of fact such as would require the holding of an Oral Hearing to resolve any such conflict. I am also satisfied that the submissions and evidence furnished, including a recording of a telephone call that the Complainant made to the Provider on **6 August 2019,** were sufficient to enable a Legally Binding Decision to be made in this complaint without the necessity for holding an Oral Hearing.

A Preliminary Decision was issued to the parties on **3 June 2022**, outlining the preliminary determination of this office in relation to the complaint. The parties were advised on that date, that certain limited submissions could then be made within a period of 15 working days, and in the absence of such submissions from either or both of the parties, within that period, a Legally Binding Decision would be issued to the parties, on the same terms as the Preliminary Decision, in order to conclude the matter. Following the consideration of additional submissions from the parties, the final determination of this office is set out below.

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I note that the Complainant incepted a **Level Term Assurance Policy** with the Provider on **12 May 1994** for a term of 25 years, with a sum assured of **IR £25,000.00 (€31,744.00)** payable in the event of the death of the insured. The complaint is that 25 years later, the Provider cancelled the Complainant's **Level Term Assurance Policy** without his knowledge and that it failed in its duty of care to him, to ensure that he was informed of the policy cancellation.

I note from the documentation before me that Section 2, '**Details of policy required'**, of the **Life Insurance Proposal Form** that the Complainant signed on **5 May 1994** indicates that he applied for the following cover with the Provider:

*"**Policy Type please specify***	***Sum Insured***	***Premium***	***Term***
25yr L. Term	*£25k*	*£14.63*	*25 years"*

[underlining added for emphasis]

I also note that the **Policy Schedule** dated **12 May 1994** set out the cover provided by the **Level Term Assurance Policy**, as follows:

*"**Benefit(s):***	*and Event or Contingency applicable thereto*
	TEMPORARY BENEFIT
	On Insured's death before 12/05/2019 IR £25000 without Bonus.
Premium:	*Monthly Premium on the 12th of every month. Level Temporary Insurance IR £14.62 from 12/05/1994 until 12/04/2019".*

[underlining added for emphasis]

I am satisfied that it is clear from this policy documentation that the Complainant had applied for and obtained a life assurance policy with the Provider that had a fixed term of 25 years, with the policy cover scheduled to expire on **12 May 2019**.

I therefore accept that the Provider did not cancel the Complainant's **Level Term Assurance Policy**, and rather the policy ran its normal expected term and expired after 25 years, on the expiry date of **12 May 2019**, as it had always been scheduled to do.

I note from the documentation before me that the Provider wrote to the Complainant on **2 March 2019** to advise, among other things, that:

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"… I would like to let you know that this policy was set up for a fixed period up to the 12th May 2019 and from this date the policy ceases.

***From this date onwards you will no longer have this valuable cover** …"*

The Complainant advises that he did not receive this letter and that it was sent to his old address, where his wife and son continued to reside, and that they too did not receive this post. The Provider advises that it has no record of the letter having been returned to it by An Post as undelivered, and I note that it also sent a copy of this letter to the Complainant's broker.

I take the view that the onus was on the Complainant to ensure that he informed the Provider of any changes to his correspondence address. Quite apart from any issue arising from a postal delivery that seems to have gone astray however, in any event, I am satisfied that the **Policy Schedule** clearly put the Complainant on notice from 1994 onwards, that the **Level Term Assurance Policy** he had contracted for, was for a period of 25 years, with cover having always been scheduled to cease with effect from **12 May 2019**. I am satisfied that the policy cover ceased on that date, in accordance with the terms and conditions agreed by the parties in 1994.

Having regard to all of the above, I take the view that the evidence does not support the complaint that the Provider wrongfully cancelled the Complainant's **Level Term Assurance Policy** without his knowledge, or that it failed in its duty of care to ensure that he was informed of the policy cancellation. It is my Decision therefore, on the evidence before me that this complaint cannot reasonably be upheld. If the Complainant wishes now to put alternative cover in place, it will be up to him to contact his broker, if he has not already done so, to explore the life assurance options currently available to him.

Conclusion

My Decision, pursuant to ***Section 60(1)*** of the ***Financial Services and Pensions Ombudsman Act 2017***, is that this complaint is rejected.

The above Decision is legally binding on the parties, subject only to an appeal to the High Court not later than 35 days after the date of notification of this Decision.

MARYROSE MCGOVERN
Financial Services and Pensions Ombudsman (Acting)

12 July 2022

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PUBLICATION

Complaints about the conduct of financial service providers

Pursuant to *Section 62* of the *Financial Services and Pensions Ombudsman Act 2017*, the Financial Services and Pensions Ombudsman will **publish legally binding decisions** in relation to complaints concerning financial service providers in such a manner that—

(a) ensures that—

(i) a complainant shall not be identified by name, address or otherwise,

(ii) a provider shall not be identified by name or address,

and

(b) ensures compliance with the Data Protection Regulation and the Data Protection Act 2018.

Complaints about the conduct of pension providers

Pursuant to *Section 62* of the *Financial Services and Pensions Ombudsman Act 2017*, the Financial Services and Pensions Ombudsman will **publish case studies** in relation to complaints concerning pension providers in such a manner that—

(a) ensures that—

(i) a complainant shall not be identified by name, address or otherwise,

(ii) a provider shall not be identified by name or address,

and

(b) ensures compliance with the Data Protection Regulation and the Data Protection Act 2018.