

**IN THE OFFICE OF THE OMBUD FOR FINANCIAL SERVICES PROVIDERS
PRETORIA**

CASE NUMBER: FAIS-52859-23/24 WC 1

In the matter between: -

XOLISA MATOTI

Complainant

and

LUVUYO BURIAL AND CONSULTING (FSP NO. 47550)

Respondent

**DETERMINATION IN TERMS OF SECTION 28(1) OF THE FINANCIAL
ADVISORY AND INTERMEDIARY SERVICES ACT NO. 37 OF 2002 ('FAIS ACT')**

THE PARTIES

- [1] The Complainant complained to the FAIS Office on 17 October 2023.
- [2] The Complainant is Xolisa Matoti, an adult male.
- [3] The Respondent is Luvuyo Burial and Consulting (Pty) Ltd, a company duly incorporated under South African law, with the registration number (2014/207467/07). The Respondent is an authorized financial services provider (FSP) (license number 47550), with its principal place of business noted in the

Regulator's records as 43484 Nkonkwa Crescent, Makhoza, Khayelitsha 7784. The license has been active since 08 November 2011.

THE COMPLAINT

- [4] In October 2020, the Complainant took out a funeral insurance policy with the Respondent.
- [5] The Complainant submitted a claim in October 2023 on the death of one of the assured lives on the policy for a benefit amount of R10,000.00.
- [6] The Complainant was informed that the monthly premium on the policy had increased from R200 to R400 and that he had not paid the increased premiums since early 2021. The Complainant states he was not advised of the increased premiums.
- [7] Since September 2023, the Complainant has tried to contact the Respondent through phone calls and emails; in most cases, there has been no response.
- [8] The Complainant requests assistance with the claim payment.

RESPONDENT'S RESPONSE

- [9] The Respondent submits that the claim was declined because the Complainant is no longer covered.
- [10] On 28 February 2022, they informed their clients that the premiums would increase to R400.00 from 1 April 2022.
- [11] The Respondent submits that the Complainant did not pay the increased premium, which caused the policy to lapse.

ATTEMPTS TO RESOLVE THE MATTER

- [12] On 17 October 2024, a recommendation in terms of section 27 (5) (c) of the FAIS Act was sent to the Respondent, recommending that it settle the claim.

- [13] On 18 October 2024, the Respondent paid R5000,00 to the Complainant and agreed to pay the balance of R5000.00 on 15 November 2024.
- [14] The Respondent has made various promises to pay the outstanding balance. However, to date, there is no evidence of the payment being made. The Complainant also confirmed that the final payment was not received.

ASSESSMENT OF THE EVIDENCE

- [15] The policy was incepted in October 2020 and, as per the policy document, was underwritten by Sanlam. Sanlam confirms that Sanlam Developing Markets Limited became the underwriter of the scheme on 1 January 2020, but the relationship was terminated with effect from 1 May 2021.
- [16] This Office telephonically enquired with the Financial Sector Conduct Authority (FSCA) whether it had information pertaining to the Respondent’s new underwriter. It advised that this information could not be provided. The Respondent verbally confirmed that it currently has no underwriter.
- [17] The deceased, Joseph Xola Lupuwana, was listed as an insured under the funeral policy.

01. Principal Life Assured Plus 6 - Details of Assured Lives

Please complete the details of your dependents in the table below. A maximum of 10 insureds. Unlimited number of children may be covered, subject to a maximum of 9 assured lives.

First Name	Surname	ID/Passport number or date of birth	Relationship
Khuthazwa	Matoti		
Bongani	Matoti		
Coceka	Matoti		
IN 06/10 Xola	Lupuwana		
IN 06/10 Lindiwe	Mubata		
Tanana Rose	Ntsendwana		
Lawrence	Ntsendwana		
John Jacobus	Petersen		
Phumelelo	Ntsendwana		

Note: Unlimited number of children may be covered but a maximum of 9 insured lives will be paid.

- [18] The deceased passed away on 14 September 2023. The Complainant subsequently submitted a claim in October 2023 for a benefit of R10,000.00.

- [19] The Respondent submits that on 28 February 2022, it informed its clients that the premiums would increase to R400.00 from 1 April 2022.
- [20] The Respondent submits further that the Complainant did not pay the increase in the premium, and in the process, the policy lapsed. The Complainant's claim was rejected as a result.
- [21] The Respondent did not dispute any aspect relating to the deceased's death, the deceased being covered by the policy and the amount payable on the policy.
- [22] In terms of Rule 15(6) of the Policyholder Protection Rules (PPR)¹, "*An insurer must timeously and in writing inform a policyholder of a pending review and the timing of the review if the review is expected to result in a premium increase.*".
- [23] Rule 15(7) of the PPR states – "*If a premium payable under a risk policy will be increased as a result of a review, an insurer must take reasonable steps to afford a policyholder alternatives (such as the option to terminate the policy, to reduce the policy benefit or to enter into an alternative policy) to mitigate the impact of the increase on the policyholder.*".
- [24] This Office requested proof of the SMS or any other evidence that the Respondent made the Complainant aware of the review and the subsequent premium increase. The Respondent was unable to provide any evidence in this regard.
- [25] Further, the Respondent did not provide any evidence of complying with PPR Rule 15A relating to the failure to pay premiums.
- [26] The Respondent initially proposed to settle the claim less the difference between the premiums paid and the increased premiums. The Office recommended that the Respondent settle the claim without the Complainant paying the difference in the premiums. The Respondent agreed with the recommendation but only paid R5000.00 and not the full R10 000.00 due to the Complainant.

¹ Policyholder Protection Rules (Long-term Insurance), 2017 promulgated under the Long-term Insurance Act, 1998 as published in Government Notice 1407 of 15 December 2017.

[27] The Respondent is still a registered Financial Services Provider (FSP). It appears to be operating without an underwriter as required and is not fully cooperating with the Office. A copy of this determination will be sent to the FSCA for its attention and possible enforcement action.

THE ORDER

[28] The following order is made:

- The complaint is upheld.
- The Respondent is ordered to pay the Complainant the amount of R5,000.00; and
- Pay interest on the said amount at a rate of 11.25% per annum from the date of this determination to the date of final payment.

Please note that a person aggrieved by this decision has the right to apply for the reconsideration of the decision by the Financial Services Tribunal (“the Tribunal”) as contemplated in section 230 of the Financial Sector Regulation Act.

An application for reconsideration must be made:

- (a) In accordance with the Tribunal rules ([link](#)); and*
- (b) Within 30 days as set out in section 230(2) of the FSR Act.*

The contact details of the Tribunal secretariat are as follows:

Ms. Kim Host / Ms Alitah Morudu

E-mail: Applications@fstribunal.co.za

Telephone: (012) 741 4300 / (012) 741 4302 / (012) 741 4303

Kasteel Office Park

Orange Building (2nd Floor)

546 Jochemus Street

Erasmuskloof

Pretoria

DATED AT PRETORIA ON THIS THE 22nd DAY OF JANUARY 2025

A handwritten signature in black ink, appearing to be 'John Simpson', written over a horizontal line. The signature is stylized with a large loop and a horizontal stroke extending to the right.

ADV. JOHN SIMPSON

OMBUD FOR FINANCIAL SERVICES PROVIDERS