

The complaint

Miss S complains about The Prudential Assurance Company Limited's administration of her endowment policy when she enquired about surrendering it.

What happened

Miss S called Prudential in April 2019 wanting to know the values of two endowment policies as she was thinking of surrendering them. She was told values couldn't be given over the phone due to 'corrections' on them. She was also told she would need to complete forms in order to surrender the policies and the values couldn't be frozen. Miss S was thinking of investing further with Prudential again but is unhappy she might have to pay for this service.

Miss S complained about these issues and not being able to view her policy values online. Prudential upheld her complaint in part. It agreed she had been provided with misleading information during the call and so arranged for £150 to be paid into her account by way of compensation. It also said it recommends financial advice if someone wants to invest but this isn't something it offers.

Our investigator explained we could only consider the complaint about one policy as the other still appeared to be in joint names. He was satisfied that Prudential had already fairly resolved this complaint. He explained that 'corrections' could be different things such as amendments to the policy or if a policy is close to maturing, both of which were applicable to Miss S's policy. He was satisfied the offer of compensation was fair for any incorrect information given to Miss S during the call. The investigator also explained that Prudential doesn't offer a free advice service; something he isn't able to comment on as that is a business decision for it to make, which our service has no authority over.

Miss S has asked for the matter to be referred to an ombudsman. She's unhappy that she'd need to refer to a financial adviser about whether to reinvest when the policy value could diminish further with this additional cost. And she remains unhappy about the corrections and having to put her surrender request in writing.

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.

Miss S's complaint concerns more than one issue, although I appreciate they all stem from wanting to obtain surrender values.

Surrender values

Prudential was unable to give the surrender value over the phone. I understand this was due to amendments that have been made to the policy – such as assigning the policy to a single life or because the policy was close to maturity – and so the value has to be calculated manually. I appreciate why Miss S might be unhappy about this. But this is a system constraint which means it's unable to give immediate values. This also explains why Miss S

was unable to view her policy value online through the portal. It's unfortunate it described the constraints as 'corrections' as this does suggest something has gone wrong but this is internal terminology. I don't find that Prudential has done anything wrong – it is only able to provide Miss S with accurate values following a manual calculation.

I note that following the call a surrender value was sent to Miss S in the post and that the value was valid for a month. The value also included what requirements were needed in order to surrender the policy. I'm satisfied, therefore, that Miss S was given time to decide whether to surrender the policy, at the value she was given, with sufficient time to return the requirements without this affecting that value. The need for a claim form and ID are fairly typical of all companies when surrendering an investment. I don't find anything unusual about that. Overall, I agree with the investigator that £150 compensation for what happened during the call to be fair compensation.

I also add, if only for the sake of completeness, that whether a surrender value changes on a daily basis or is valid for longer is largely determined by what type of fund is invested into. Again this is typical across investment companies and isn't confined to Prudential. And where a value changes daily, it's generally the situation that a value can't be frozen or a policy surrendered without certain requirements being met.

Advice

Miss S has complained about the need to pay for advice. However, as the investigator explained, we don't generally interfere with decisions about how a business is run – that is a commercial decision for it to make.

Further, following the Retail Distribution Review advisers were no longer allowed to be paid through commission. So instead advisers generally charge upfront for the advice they give. This explains why both Prudential's advice service and the services offered by independent advisers (and other types of advice platform) come at a cost. And of course independent advisers can offer advice on a wider range of products.

It's for Miss S to decide if she wants advice or not, but if she does, then I don't find anything wrong with Prudential charging for this service. If she doesn't then she may be able to invest in products on an execution only basis – but this means she won't receive any advice about whether a particular product is suitable for her needs and circumstances, that will be a decision she needs to make. Overall I don't find anything wrong with Prudential recommending Miss S seek advice about her investments.

My final decision

For the reasons given, my decision is I don't uphold this complaint as I'm satisfied it has already been fairly resolved.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 24 July 2020.

Claire Hopkins
Ombudsman