

The complaint

Ms C complains that due to administration failures by The Prudential Assurance Company Limited, the endowment policy assigned to her is now non-qualifying for tax purposes.

What happened

Ms C held her endowment policy with her ex-husband. In June 2019, the policy was assigned solely to Ms C. Her solicitors wrote to Prudential on 12 June 2019 explaining that following a separation the policy was being assigned to Ms C.

On 26 June 2019, Prudential wrote to Ms C's solicitors confirming the assignment had taken place. It also said it needed either a declaration completed, or confirmation that one of the reasons listed applied, in order for the policy to remain qualifying. The declaration wasn't included within the letter. As Prudential didn't receive a response, it wrote to Ms C on 25 July 2019, informing her it had written to her solicitors but it still needed a completed declaration or confirmation of the reason for the assignment. The letter quoted the wrong policy number, and didn't include the declaration or the tax implications information.

Ms C tried to contact Prudential a couple of times, but the wait time was very long. In October 2019, Prudential wrote to Ms C to explain that as it hadn't received a declaration the policy was now non-qualifying for tax purposes. Ms C complained as the letter of 25 July 2019 wasn't clear, contained errors and didn't have any enclosures. Prudential upheld the complaint regarding the administration errors in the letter and that enclosures weren't included and offered £100 compensation. But it didn't agree it had done anything wrong in relation to the tax status of the policy.

Our investigator was satisfied Prudential had fairly resolved this complaint. He agreed there were errors in the correspondence but was satisfied it was clear on both the letter to the solicitors and to Ms C that action was required.

Ms C has asked for the matter to be referred to an ombudsman. She has now obtained a copy of the declaration which is many pages; she argues that had this been enclosed she wouldn't have missed the deadline to respond; and in any event she didn't think she needed to complete the declaration as the policy was assigned following a divorce and was still being used for mortgage repayment purposes. Ms C has also provided information from her solicitor and said this will cause her financial hardship when the policy matures.

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.

I understand Ms C feels very strongly about this. But there is very little I can add to the investigators findings.

It is accepted by Prudential that the letter sent to Ms C contained errors and didn't have the requisite enclosures. But I'm not persuaded those errors led to Ms C's policy becoming non-qualifying.

The letter sent to Ms C's solicitors, although seemingly not containing the declaration was clear; either the declaration needed to be completed, or, confirmation that one of the reasons listed applied, which then didn't need the declaration. The letter sent to Ms C was the same, although one of the bullet points was out of alignment. I'm satisfied, therefore, the letters were clear in that a response was required.

One of the reasons listed in the letters was if the policy was assigned following a divorce and it was a mortgage endowment policy that continued to be used for the sole purpose of repaying a mortgage. Ms C says this applied to her and so she didn't think she needed to do anything further. She is right, that if that reason applied she didn't need to complete the declaration. But the letter was clear that she would need to let Prudential know that and she was given a deadline for doing so.

It appears Ms C may have assumed that information about the reasons for the assignment were given by her solicitors. But that wasn't the case, the letter from the solicitors only refers to a separation. It was incumbent on Ms C to respond to Prudential's letter or check whether she needed to do so, but she didn't. And while she places a lot of weight on the inclusion of the declaration, I've set out above why I don't think that's relevant. But even if I placed the same weight on it that Ms C does, if enclosures weren't included in correspondence I would reasonably expect a customer to follow that up; particularly where its clear action is required by a given deadline.

Prudential offered £100 for the errors its letters contained. In all the circumstances, I find this to be fair. I'm satisfied the letters were clear, action was required by Ms C to either complete the declaration - which she could have asked for if it wasn't included - or she needed to confirm to Prudential that one of the specified reasons applied. I understand Ms C was going through a difficult time, but I don't find Prudential has done anything wrong in relation to the tax-status of the policy; it set a clear deadline and explained what was needed from Ms C but it didn't get a response. I therefore won't be asking it to do any more than it already has.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint as The Prudential Assurance Company Limited has already made a fair offer to resolve. I require it to pay Ms C £100 if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 28 May 2020.

Claire Hopkins
Ombudsman