

## **The complaint**

Mr S complains that The Prudential Assurance Company Limited (Prudential) gave incorrect information on his surrender value when selling an investment bond. Mr S says that the amount he was told he would receive was incorrect and he has suffered a financial loss.

Mr S also complains about the service he received from Prudential.

## **What happened**

On 18 March 2020, Mr S submitted an online instruction to surrender his investment bond. The instruction was timed at 1.41pm.

Later than day, around 5.30pm Mr S called Prudential to confirm the amount that he would receive. Mr S was told that he would receive £108,228.93 and would be paid within three to five days.

On 20 March 2020, Mr S received an amount of £97,928.34 into his bank account. Mr S complained to Prudential on 1 April 2020 saying that this was less than the amount originally confirmed to him.

Prudential investigated Mr S' complaint and replied on 21 April 2020. They agreed that Mr S had been provided with incorrect information on the call, but Mr S had received the correct surrender value. Prudential offered Mr S £350 in compensation for the distress and inconvenience that this matter had caused.

Unhappy with Prudential's decision, Mr S referred his complaint to the service and one of our investigators reviewed his complaint. The investigator issued his initial view and thought that Prudential had acted fairly. Mr S replied with further information which the investigator considered but didn't change his view and the complaint was not upheld.

Unhappy with the investigator's view, Mr S has asked for an ombudsman to look at his complaint.

## **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'm sorry to disappoint Mr S but I agree with the outcome reached by the investigator for much the same reasons and won't be upholding the complaint. I know that Mr S feels strongly about his complaint and I will explain why I have reached this decision.

I have considered four important factors when making my decision and these are:

- Timing of Mr S' instruction
- Telephone conversation with Prudential on day of instruction
- Valuation point and cut off times

- Unit price adjustment

I will take these in turn.

#### Timing of Mr S' instruction

In his submission to the service, Mr S says that before finally pressing the button to complete his transaction to surrender his bond, he called Prudential to confirm the amount he would receive. Mr S says that this call was around 5.30pm on the 18 March 2020.

Prudential's records say that the instruction was received at 1.41pm on 18 March 2020. This means that when Mr S called Prudential later that day, he had already submitted his instruction to surrender.

Due to the timing of the call to Prudential, I think that Mr S was looking for confirmation on how much he would receive rather than looking for guidance on the process for surrendering his bond. I believe that Mr S had already made his own investment decision and had submitted the instruction.

#### Telephone conversation with Prudential on day of instruction

When Mr S called Prudential on 18 March 2020, he was told that he would receive £108,228.93 which was the value of the bond on that day. The call handler said that the value would be from the date Mr S submitted the form.

Prudential have said that the information provided to Mr S on this call was incorrect. Prudential apologised for this error and the compensation offered to Mr S takes this into consideration.

I can understand why Mr S was frustrated with the information that he received on this call and I sympathise with him. Having looked at the other information available to me I can't see that even if the correct information was provided, the outcome would have been different, and I will cover this off later in my decision.

#### Valuation point and cut off times

In their submission to the service, Prudential have said that if a request is received after midday, the value used will be calculated using the price of the next working day. They say that as Mr S submitted his instruction at 1.41pm on 18 March 2020, he had missed the deadline for dealing on the 18 March 2020 and his instruction would be dealt the next day and would receive the value dated 19 March 2020.

Prudential say that information regarding the value and prices used are very clearly displayed on the withdrawal request screen. I can see that this wording includes the following:

*The values quoted are based on the previous working day's prices and are not guaranteed. If we receive all the relevant completed requirements by mid-day on a working day, we will normally process it at the price determined later that day. If we receive it after mid-day, we'll normally process it at the price determined on the next working day*

Mr S would have been presented with this information prior to him submitting his withdrawal request.

This type of pricing is called forward pricing and common in the industry. As the information was presented to Mr S before he submitted his withdrawal request, I can't see that Prudential have done anything wrong and Mr S received the value from the next working day.

### Unit price adjustment

In his submission to the service, Mr S says that he was distressed at receiving a lower amount than he was expecting. I have explained above why Mr S did not receive the value from 18 March 2020 but from the next day, the 19 March 2020.

The difference in value between the two dates is £10,300.59. This is a big difference and although the bond would have been subject to market movements, the difference can still be considered large.

Prudential have said that a unit price adjustment was carried out on the bond on 19 March 2020. This unit price adjustment had the effect of a 9.54% reduction in value. Prudential have said that unit price adjustments are a standard part of this product and Mr S had benefitted from several upward adjustments over the years.

The unit price adjustment explains the difference between the values on 18 and 19 March 2020. Information on unit price adjustments are contained in documentation that Mr S would have received when taking out the bond.

Mr S says that Prudential made no mention of unit price adjustment when he spoke to them or that any price correction would be in place. Mr S also says that there was a time differential in when he expected to receive the money and when he did. Mr S wonders if this price correction was implemented later and in order to increase revenue for Prudential.

From the information that I have seen, I am satisfied that Prudential have applied a unit price adjustment in accordance with the terms of the service. It is of course, unfortunate timing that the downward adjustment was made on the same day as the value was calculated but I can't hold Prudential responsible for this.

Mr S has said that this was not mentioned on the call and although I sympathise with Mr S that this was not discussed, it could be that this information (specifically the timing of the unit price adjustment) was not available to the call handler.

I have looked at the final response that Prudential sent to Mr S and believe that it would have been useful for them to have referenced this as it would have explained the price difference and would have provided Mr S with a complete explanation as to why the value was different. Again, this would not have affected the outcome but may have allowed Mr S to understand the process.

Prudential have said that a pop-up message would have appeared on screen advising clients of important information that should be considered before submitting a request. Mr S says that a pop-up screen is annoying and disruptive, and the significance of a pop-up screen is devalued by the very fact it pops up.

I don't agree with Mr S that the pop-up screen is devalued as its annoying and disruptive. Businesses often use these to highlight important information and as there is an action required to be taken by the consumer by closing the pop-up, they can demonstrate that the information has been provided.

Summary

The timing of Mr S' instruction has been instrumental in him receiving the price that he did. I find that Prudential have applied their procedures in accordance with their terms of business.

It is unfortunate that Mr S received incorrect information from the call handler when he contacted Prudential, but he would have received the same amount regardless of what the call handler said. The instruction that he had submitted could not have been reversed.

I think that Prudential have attempted to resolve the complaint fairly and their offer of compensation is in line with what the service would recommend so I'm not going to ask them to do anything else.

### **My final decision**

For the reasons set out above, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 October 2021.

Brian Gray  
**Ombudsman**