

The complaint

Ms F complained on behalf of F Ltd that The Prudential Assurance Company Limited repeatedly failed to offer prompt or accurate information about how to surrender an investment, failed to answer or return calls and this resulted in a month's delay in paying out the proceeds.

What happened

She also said she wasn't warned there would be a Market Valuation Reduction (MVR) and is not convinced this was permissible. Overall, she wanted fair compensation both for the loss arising from the delay and for the accumulated trouble, stress and inconvenience.

The Pru upheld her complaint, accepting it had given her incorrect information resulting in a delay in the proceeds being paid out. It also accepted that she had spent a considerable amount of time and effort, trying and failing to get through on the phone, being wrongly redirected and failing to get the call-backs she'd been promised.

It said it had calculated how much she would have received but for the delays due to its failings and added interest (at Bank of England base rate plus 1%) and this came to £5.05. In addition, it offered £250 in lieu of its various customer failings.

It did not uphold her complaint about the MVR, saying this was clearly spelt out in the terms and conditions and its phone advisors had also confirmed that one would apply to her encashment instruction.

An investigator at this service, having listened to the calls, agreed that the MVR had been explained and that the Pru was entitled to apply one.

She noted that there was no disagreement about the Pru's responsibility for the delay in F Ltd receiving the proceeds (which should have been paid on 11 May rather than 1 June). But she said the Pru should have added 8% simple interest to the small loss rather than BoE plus 1%. She therefore felt it should pay this additional interest.

She accepted that F Ltd and Ms F had suffered very considerable stress and inconvenience but said this service could not instruct the Pru to pay any further sum as F Ltd was a business and, according to our rules, only individuals can be deemed to suffer 'trouble and upset'.

The Pru did not agree to pay further interest.

Ms F did not accept that the original £250 was adequate compensation for the enormous stress and inconvenience caused to her and her one-person business. In her response she reiterated many of the points she had submitted earlier.

Given I am satisfied that the rules do allow us to instruct a business to pay compensation to a small business (as defined by the FCA) under the broad heading of 'trouble and upset', I

think it is necessary to set out a lengthy precis of Ms F's evidence about this matter. (I have omitted points which, in my view, do not bear on this issue.

In F Ltd's complaint Ms F said:

'In 2020 as part of our divorce settlement, it was agreed that this investment would be mine. I began a series of communications with Prudential regarding seeking a timely valuation of the investment, and sought advice on any associated exit charges, so these could be factored in to the divorce settlement. I was assured that the process was simple and straightforward, and I was not offered the option of receiving financial advice.

'I have lost count of the number of times I tried and failed to speak to someone at Prudential, so am only able to report on those times when I managed to get through. The Prudential operator explained that both signatures (*i.e. her ex-husband's*) would be needed to release the money. I explained the difficulties of securing this, given that my divorce was acrimonious and we were only communicating through solicitors.

'I wished to speak to someone in Prudential who could provide advice in these circumstances. The advisor said that he would consult others and call me back. When I didn't hear from him, I called back and spoke to someone else who also promised to get back to me the next day. She did and explained that if I completed their form, attached a letter explaining the situation in my capacity as Managing Director, bank statements for my personal bank account, etc., the funds could be transferred to me and would neither need his signature, nor need to be put into the business bank account.

'I found this reassuring. I wanted to declare the true value of this investment as part of the divorce proceedings, and secure this in cash to ensure that a.) any charges could be factored in b.) the value of the investment would not fluctuate during the negotiations, so we could all have certainty about its value in calculating a final settlement. I was not given, nor offered financial advice at any time regarding the implications of removing all the money in one go.

'I completed the forms on 29 April, enclosed a letter explaining the urgency and asking someone to call me if there was a problem. I heard nothing and regularly tried to call Prudential for an update. After being on hold endlessly, I gave up and checked my bank account daily.

'On 13 May I received a letter ... stating that they were unable to make the payment and asking me to resubmit forms and new bank statements. To say I was devastated was an understatement. In the final stages of an 18-month battle with my ex, we were due to complete on 31 May and I needed the money to pay him off. I had also suffered material losses to my business owing to the Covid crisis.

'I started to complete the form again, was unsure about something, called Prudential, on hold for 35 minutes, then was told I had pressed the wrong options, was speaking to the wrong department who could not put me through to the right department, so needed to begin the process again. I called back, was on hold for a further 35 minutes, was connected via a crackly line so the operator disconnected me without speaking. I was in tears and had now missed the day's post.

'I completed the form without having been able to access advice from Prudential, (*sent it*) by UPS to guarantee it arrived within 24 hours. My enclosed letter explained that my husband would no longer be a director from 31 May so his signature would no longer be needed. I heard nothing.

'I tried calling several times but was on hold for so long that each time, I wasn't able to keep holding, urgent though it was, there were also other urgent matters I had to attend to by phone (and I only have one phone), so I waited with increased anxiety and checked my bank balance daily to see if the money had been deposited into my account.

'I called again, this time getting through to an individual who was initially offhand, explaining that she wasn't able to put me through to anyone. Eventually, as a result of my extreme distress, and noting the critical state of my divorce, she promised to get back to me within 24 hours.

'During those 24 hours my phone did not leave my side...No one phoned. I called again. This time I was on hold for one hour while I was having to take care of my small grandchildren. When the call was eventually answered, I was told, 'There's a note on file to say there is a problem but I can't tell you what it is.' I was in tears again, and she eventually explained that it was to do with needing two signatures. We were back to square one. I asked to be put through to her manager and told her I would be taking out a complaint. Of course, she wouldn't put me through to anyone so someone would call me back.

'On 26 May, (X) from Customer Care called me to explain that my complaint would be passed to the formal complaints team who would be in touch. I received a letter confirming my complaint of 27 May, laying out the procedure for complaints. On 31 May, I had to find a different way to pay my ex-husband his settlement, as my money from the Prudential had not come through. The very thing I had dreaded had come to pass thanks to their ineptitude and lack of care.

'On 2 June, I received a letter explaining, for the first time that there was a 'Chargeable Event Arising Under A Life Assurance Policy with a 'notional tax' of £780.00. I had to look up what a notional tax was - I had never heard of one, had no idea that there might be any tax on my savings and was again, distressed and worried. I have no idea what kind of financial year I will have as at the moment, I have had to furlough myself, but if against all odds, it suddenly picks up and thrives, I dread having to pay tax on these hard-earned savings.

'Prudential Customer Care/Complaints department called me on 1 June to say that £43,585.95 would be paid into my account within 48 hours, with an MCR of £3,641.95. Again, I requested that this be waived, and on 4 June, more than 48 hours later, £43,585.95 was indeed paid into my business account minus the even higher MVR of £3,700.

'During this tortuous process, I have never been offered financial advice. No one has suggested I take the money out in increments to avoid the MVR. If they had done so at the start of the process, this would have completely changed my divorce negotiations around these funds. I am not an experienced investor and put savings into the Prudential because they advertise on their website the availability of financial advice, should this be needed. As it turned out, I could not even receive support on purely administrative matters, which precluded my access to financial advice.

'I have sat at my desk weeping in despair at the impossibility of speaking to anyone who could help me or even talk sense. 'Computer says no' was the order of the day and the inhumanity of the response was stunning.

'In the end, with no assurance that the Prudential would release the funds, I had to contact my ex-husband through solicitors to get his signature. I spent several hundreds of pounds in solicitor fees in communications about this, finally received his signature to discover I didn't need it as the Complaints Department managed to get agreement that the funds could be paid into the business account anyway.

'Because of the issue around two signatures, I spent money unnecessarily on legal fees: briefing and updating my solicitor, re-evaluating finances and correspondence between my solicitor and my ex-husband's solicitor. At a conservative estimate, this took at least six hours @ an hourly rate of £255 + VAT. Eventually, I had no need of his signature by which time, it was too late.

'I have had to pay for therapy to get me through, which again, cost me £ 97.50 per week for the entire period and beyond.'

In a provisional decision, I said:

From what I have read the Pru does not dispute Ms F's key allegations about being given false information resulting in the lengthy delay in the proceeds being paid out, nor that it had very long wait times and failed to call Ms F back as promised etc.

Also, my impression from her recent response is that she no longer disputes that the Pru was entitled to apply an MVR, even though she feels it could have waived it, and accepts that she was forewarned that one might apply.

However, to clarify, I am satisfied that the Pru was entitled to apply one and I do not believe it was under any obligation, under its 'treating customers fairly' requirement, to waive the MVR in Ms F's case. I also don't accept that it should have offered Ms F any financial advice, such as how to surrender the investment in stages. If Ms F felt she needed advice she should have contacted a financial advisor who was qualified to give such advice, affecting taxation etc.

I have seen no evidence to suggest that the Pru ever promised advice to customers who had taken out one of their investments, and it would not have been appropriate for an unqualified call handler or customer advisor to do so.

In this context I have not considered either the MVR issue or Ms F's complaint about the lack of advice when it came to assessing what compensation is appropriate.

In this context I should explain that while the investigator was correct to say that, under the rules, we do not accept that a business itself can experience suffering or upset we do accept that a small business can experience 'inconvenience' as a result of another business' mistakes, particularly in the case of a one-person business where the impact is likely to be particularly acute.

I have therefore considered the inconvenience caused to F Ltd as a result of the Pru's numerous failings. As a result, I am satisfied that it should pay far more than the £250 it has (as I understand it) already paid.

Firstly, because its manifest failure to provide the correct advice at the outset resulted in Ltd's sole director spending a very considerable amount of time and effort – when she could have been running the business – chasing the Pru to get things sorted.

Secondly, because of the marital situation, this failing significantly added to the inconvenience faced by F Ltd. And while clearly the Pru was not responsible for the marital issues, its failings exacerbated the challenges F Ltd faced while Ms F's divorce settlement was being finalised.

Thirdly, while this service doesn't typically fully compensate a complainant for their legal costs (as they can bring their complaint to us and without cost and we will then investigate

everything), I have no doubt that F Ltd did feel it necessary to seek legal assistance given Ms F was wrongly told her ex-husband needed to sign the form. I cannot realistically assess what element of her solicitor's costs were due to the Pru's misleading information or delays so the proposed £500 only includes a very modest sum in lieu of such costs.

And, finally, while the Pru has admitted making numerous errors, I don't think it has recognised just how much impact these had on F Ltd. In my view, they would have had a very significant impact on the ability of F Ltd to trade during this period.

As a result, I am satisfied it should pay an additional £500, assuming the £250 has been paid. I would like it to clarify this issue.

Finally, I agree with the investigator that the Pru should pay 8% simple interest on the small loss due to the delay in paying the proceeds. This is the FCA's approved rate designed to compensate customers fairly in these situations.

Both parties accepted my decision. Ms F added:

'I am glad that there is recognition that a sole person operating a limited company is affected in the same way as a sole trader who is self-employed. I hope that this is taken into account more instantly in the future.

'As Mr Moss rightly notes, I have lost far more than £500 in income due to Prudential. But the cost to my mental health has been such that I don't have the stomach to fight any more. If that is the maximum he will offer me, then I will accept it.

'I also hope that the individuals who are obviously on record for treating me in such an offhand and careless manner, have been held to account, but I somehow doubt it. The issues with Prudential are clearly systemic and it will take more than a £500 fine for them to do anything about them.'

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.

For the reasons previously outlined, I am satisfied that MDD should pay £500 in addition to the £250 previously offered. So if this was not paid at the time, it must now pay £750. It must also pay interest at the rate of 8% simple on the loss it accepts occurred as a result of its failure.

Putting things right

The Prudential Assurance Company Limited must pay compensation as outlined above.

My final decision

I uphold this complaint and instruct The Prudential Assurance Company Limited to pay compensation as outlined.

Under the rules of the Financial Ombudsman Service, I'm required to ask F to accept or reject my decision before 6 July 2021.

Tony Moss
Ombudsman