

The complaint

Mrs L complains that The Prudential Assurance Company Limited, caused delays in processing her request to cash-in her investment policy, which she says has caused her financial loss. She also complains about other customer service issues and the rate of interest applied to compensation paid in respect of an overpayment of tax.

What happened

Mrs L had a Prudential Investment Plan (the 'policy'). In March 2020, due to the Covid-19 pandemic, she decided to cash-in her policy.

On 17 March 2020, Mrs L's Independent Financial Adviser ('IFA') tried to submit a surrender request online. However, Prudential told the IFA, by phone, on the same day, that the policy didn't meet the criteria for an online surrender. It said that a claim form would need to be submitted by Mrs L along with relevant identification documents.

Prudential received the claim form on 18 March 2020 and Mrs L received the value of the units as it applied on that day. If Mrs L had received the value of the units as this applied on 17 March 2020, she would have received £640,845. But because she received the value as it applied on 18 March 2020, she received £608,362. Mrs L complained as she said the value she received was the result of delays caused by Prudential.

Prudential said that when processing a surrender request it uses the date it received all requirements to determine the surrender value. As it received the completed claim form from Mrs L before mid-day on 18 March 2020, it used that day's bid price. It noted that if it had been after mid-day it would have used the next day prices. Prudential said it was satisfied the surrender value Mrs L received, was correct.

Prudential accepted that it'd caused delays with sending Mrs L her payment. It noted that it normally processes payments within five working days but in Mrs L's case, the payment had taken three days longer. To compensate Mrs L for this, Prudential paid her £143.79 which included interest and a payment for the distress and inconvenience this caused.

Mrs L also complained about not being called back when she requested this following her complaint. And she was unhappy with the call waiting times she'd experienced. Prudential apologised for the service issues and paid Mrs L a further £125 compensation.

Whilst the complaint was with our service, Prudential wrote to Mrs L and other affected customers saying it'd deducted too much tax from the fund from 2013 to 2018, which impacted on the value of the investment. Prudential paid Mrs L £6,175 which covered the difference between what it originally paid her and what it should have paid. This amount included interest of 1% which was in line with the Bank of England's base rate. However, once Mrs L complained, Prudential added interest of 8% and sent her a payment for £444.97. This amount included £150 compensation for the service Mrs L received.

Our investigator didn't recommend upholding the complaint. She didn't think Prudential was incorrect when it applied the bid price to Mrs L's units for the date 18 March 2020, as this

was when it received her (Mrs L's) claim form. Our investigator thought the payments made by Prudential for the customers service issues and the overpayment of tax, had fairly compensated Mrs L for these errors.

Mrs L disagreed and asked for an ombudsman's decision on the matter. She said Prudential had unfairly refused to take instructions from her IFA. She also thought Prudential asking for the instructions in hard copy form was a delaying tactic. Mrs L said the recorded delivery shows that the claim form was received by Prudential by 6:45am so this should have meant she received the price that applied the day before.

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.

On the face of the evidence, and on balance, whilst I think Prudential did make some mistakes, I think it has fairly compensated Mrs L for these.

Before I explain why I've reached my decision, I think it's important for me to note Mrs L's strength of feeling about this matter. She's provided detailed submissions to support the complaint, which I've read and considered carefully. However, I hope she won't take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy. The purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by Mrs L and Prudential, and reach what I think is an independent, fair and reasonable decision based on the facts of the case.

Under the 'Payment declaration' section of the claim form that Mrs L signed and sent to Prudential on 17 March 2020, it says the following:

"If we receive all the relevant completed paperwork by mid-day on a working day, we'll 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."

So, as Mrs L's claim form was received before mid-day on 18 March 2020, she received the price as it applied on that day. But Mrs L says because her form was received by Prudential early on that day, she should receive the day before price. She has said that she thinks it's only because of staff shortages, that Prudential didn't process her form quickly enough.

Whilst I take on board Mrs L's concerns, I think the claim form makes it reasonably clear that if the form is received before mid-day, the price received will be the price applicable on the date of receipt. And from what I can see, this is the price Mrs L received. So, I can't fairly say Prudential has done anything wrong by applying the bid price as it was on 18 March 2020.

Mrs L considers Prudential was wrong in not accepting instructions from her IFA. But Prudential has provided reasonable explanations as to why this was the case. It says because the amount Mrs L was seeking to cash-in was significant at over £600,000, it couldn't take instructions from her IFA and couldn't process this through the online form. I don't think Prudential asking Mrs L to submit a claim form along with appropriate identification documents, was an unreasonable request under these circumstances.

I should also say that it's open to a business to choose whichever process it regards as appropriate taking into account its regulatory and legal obligations. That's a commercial decision and not something on which I would seek to interfere. Looking at how Prudential has applied its process, I think it has done this fairly in Mrs L's case.

That said, I can see there was a delay in sending Mrs L the payment following the surrender of her investments. The claim form clearly says it should take five working days, but the payment took three days more than this. However, I think Prudential has compensated Mrs L fairly for this error with the interest payment and a payment for the distress and inconvenience caused.

I can also see Prudential paid Mrs L a further £125 for delays she experienced with call waiting times and when a call wasn't returned to her following her complaint. Again, I think this is fair compensation under the circumstances.

Finally, I note that Prudential informed Mrs L in its letter dated 3 December 2020 that it had incorrectly deducted too much tax from her policy. It has provided Mrs L with a full explanation about how it has calculated this and it also agreed to add 8% interest to the payment along with £150 for the distress and inconvenience caused by initially adding a lower rate of interest. I think Prudential has taken fair and reasonable steps to put this matter right and I won't be asking it to do anything further.

So, whilst I know Mrs L will be disappointed with this outcome, for all the reasons set out above, I'm not upholding the complaint.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 10 December 2021.

Yolande Mcleod
Ombudsman