

The complaint

Mrs J complains that The Prudential Assurance Company Limited provided poor customer service when she gave instructions to encash units in her investment plan. She says she should receive the surrender value she was given when she first phoned to encash the units.

What happened

In summary, Mrs J phoned to encash £30,000 worth of units on 19 March 2020. Prudential told her it would have to either email her a withdrawal form or arrange a call back. Mrs J asked for a form which she completed and sent back by post, as required, the following day.

On 23 March 2020, Prudential called Mrs J to seek her instructions to encash the units. But the valuation it provided was around £21,000 less than the value she'd been given during her first call a few days earlier. She decided not to proceed with the withdrawal by phone.

But, in the meantime, Prudential had received Mrs J's written withdrawal form and it acted on those instructions. The units were encashed on 20 April, after the 28-day notice period had expired, and the proceeds were paid to Mrs J's bank account on 23 April.

Prudential said the overall value of Mrs J's investment plan dropped on 19 March due to a unit price adjustment ("UPA"). It said it was particularly busy on 19 March and no-one from its claims team was available to take her instructions. It said if she had been able to give her instructions on 19 March, the units would have been encashed on 17 April. But the price on that day was lower than the price Mrs J obtained, so she hadn't made a financial loss. It apologised for the poor service Mrs J received and paid her £150 compensation.

Our investigator thought this was a fair outcome and didn't recommend that the complaint should be upheld.

Mrs J didn't agree. She said, in summary, that:

- She and her husband had investments with Prudential for many years and they've always been able to give withdrawal instructions by phone.
- They've never been in a situation where the valuation given wasn't the amount that was paid out.
- She received no communication from Prudential about her complaint. The customer service was non-existent.

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 aware that I've summarised this complaint in less detail than the parties and in my own words. I'm not going to respond to every single point made by the parties involved. No

discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

I've considered firstly the figures Mrs J was quoted and the actual amount she received. I've gone onto consider the service she received from Prudential.

When Mrs J phoned Prudential on 19 March 2020, she was given a total value for her investment plan of £221,822.61. This was, correctly, the closing value from 18 March. After close on 18 March, a UPA took place. But this wasn't reflected in the plan's valuation until close on 19 March. The UPA adjusted the price down which was why, during the call on 23 March, Mrs J was given a lower value.

I find the values Mrs J was given were correct. And, on both occasions, she was told the value wasn't guaranteed and could change on a daily basis.

I find the process by which a UPA takes place is covered in the plan's terms and conditions. It explains that its smoothing process aims to reduce the impact of price movements over the short term. In part 5 of the terms it says:

"Every day the smoothing process checks the gap between the smoothed and unsmoothed prices:

- if the gap is less than 10% during a quarter, no adjustments are made,*
- if there is a gap of 10% or more, the unit price will be adjusted to reduce the gap to 2.5%. The smoothing process makes an additional check at the start of each quarter:*
- if there's a gap of 5% or more, the unit price will be adjusted, reducing the gap by half. Adjustments could be up or down, depending on whether the smoothed price is too far above or below the unsmoothed price. After any adjustments have been made the unit price will still increase at the Expected Growth Rate for the quarter."*

Unfortunately, the smoothing process resulted in a UPA downwards. But I find this reflected the downturn in the market.

The terms also explain, in part 6, what happens when a withdrawal instruction is given:

"When you decide to cash in your investment we'll apply the unit price on the 28th day after we receive your instruction. We'll then make the payment to you. During the 28 days the fund value may change, which means that the value you receive may be lower or higher than the value at the date you asked us to cash in your plan."

I find Prudential applied the unit price on the 28th day after her written instructions were received, in line with the agreed terms and conditions. If it had been able to accept Mrs J's instructions on 19 March, she would have received a lower price. This means, even taking into account interest she would have received on the withdrawal if it had been paid three days earlier, she hasn't made a financial loss.

Overall, I don't find Prudential provided Mrs J with incorrect figures, and I don't find she made a financial loss when Prudential couldn't accept her withdrawal instructions on 19 March.

I do find Mrs J didn't receive as good a customer service as she should reasonably have expected. For example:

- Prudential couldn't accept her withdrawal instructions by phone on 19 March 2020.
- During the call on 23 March, Prudential couldn't tell Mrs J the reason for the change in valuation. I think it reasonably should have realised it was due to a UPA.
- During the call on 23 March, Prudential wrongly told Mrs J that her units would be valued on the day the form was received.

Prudential apologised for the poor service Mrs J received and paid her £150 for the distress and inconvenience caused. I've considered this carefully. In particular I've thought about what Mrs J has told us about how this has been very stressful for her. I think some of this stress has been caused by the lack of response from Prudential since she raised her complaint. But I can see she asked her financial advisor to complain on her behalf and Prudential communicated with him. It sent its final response letter to the financial advisor which set out reasonably clearly what had happened here. It also contained its apology and its reason for paying Mrs J £150. That letter gave Mrs J information about her right to refer her complaint to us, and I wouldn't expect Prudential to communicate further about the complaint, unless directed by us to do so. So I think the compensation for distress and inconvenience should be limited to that caused to Mrs J when she wanted to make the withdrawal. For this reason, I find £150 is fair and reasonable.

It follows that I don't require Prudential to take any further action or pay any additional compensation.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 18 January 2022.

Elizabeth Dawes
Ombudsman