

The complaint

The representative of the estate of Mr W, Mr B, has complained about the service he received from The Prudential Assurance Company Limited, after he'd notified it of the death of Mr W. In particular, Mr B has said that Prudential caused unnecessary delays in dealing with the distribution of the death benefit from the pension policy Mr W held with it, along with expressing concerns about data protection issues and the questions it asked when determining the beneficiary/ies of the death benefit.

What happened

Our investigator set out a comprehensive summary of what has happened here in her assessment of the matter issued in February 2022. Rather than paraphrase that summary, with which I note neither party has disagreed, I've broadly set it out as the background to the case below with some minor changes.

On 10 February 2020, Mr B notified Prudential that Mr W had sadly passed away. Mr B called Prudential the next day to ask if it needed a copy of the will or death certificate. Prudential confirmed that it would need either the original or certified copy of the death certificate and a copy of the will. But the agent explained that it would be writing out to him anyway as it would need to know if there were any dependants or close family.

Prudential acknowledged Mr B's notification on 28 February 2020 and explained that it would decide to whom the death benefits would be paid as the pension fund didn't form part of the estate. Prudential enclosed a pension claim form for Mr B to complete and return. Mr B completed the pension claim form on 2 March 2020.

On 18 March 2020, Prudential wrote to Mr B and acknowledged receipt of the pension claim form. It also asked Mr B to provide the names and addresses of Mr W's parents, and confirmation as to whether Mr W was living with anyone when he passed away.

Mr B called Prudential on 20 March 2020 as he wanted to know why it needed the names and addresses of Mr W's parents. Mr B also said that Prudential had mentioned in the letter that it couldn't proceed as it needed the original death certificate. But Mr B said that he had already sent it a coroner's letter confirming Mr W's death and he didn't feel Prudential needed to know the circumstances surrounding his death.

Prudential agreed to put this forward to its "Bereavement Team" to look into. And with regard to needing the names and addresses of Mr W's parents, Prudential said it could pass on the addresses to the Bereavement Team but make it clear that Mr W wasn't living with them when he passed away - and that there was already a will on the file which was a legally binding document.

Mr B provided the information to Prudential on 20 March 2020 and confirmed that Mr W lodged with his aunt when he passed away. Prudential acknowledged Mr B's letter on 6 April 2020.

Mr B wrote to Prudential on 4 May 2020 as he hadn't heard anything from it. He asked Prudential to let him know whether there was anything outstanding or whether there was any additional information it required.

Mr B called Prudential on 14 May 2020 as Prudential had written to Mr W's parents, which had caused distress as they didn't understand why, on the basis that Mr W had wanted Mr B to be the sole recipient. Mr B was also unhappy that it had asked Mr W's parents for the nature of the relationship between Mr W and Mr B. Mr B wanted to know if there was anything Prudential needed as he thought he'd sent in everything. He also believed Prudential were harvesting sensitive personal information about him from Mr W's parents. Mr B believed this was a breach of General Data Protection Regulations (GDPR) as he hadn't given explicit consent for it to obtain information about him.

Prudential offered to feed the comments back to the relevant team. Prudential also confirmed that it had heard back from Mr W's father, but had yet to hear back from his mother. Mr B asked for another letter to be sent to Mr W's mother as she no longer had it.

Prudential responded on 16 May 2020 and said it had noted the information Mr B had submitted and was actively gathering the required information to make a decision on how payment should be made.

Mr B attempted to call Prudential on 3 June 2020 to ask if it had everything it needed to process the claim. Unfortunately, he was unable to access the Claims Team as it was busy at the time.

Mr B then called Prudential on 12 June 2020 for an update. Prudential said it had everything it needed from Mr B, but it was still waiting for information from other parties. However, it wasn't able to confirm what information it was waiting for due to data protection requirements. Mr B was unhappy with this as he was the one who'd provided the contact details for Mr W's parents in the first place. But Prudential maintained that it was unable to say if they'd been in touch and the only thing it could discuss was the information shared with Mr B.

Prudential did apologise and explained that it had to be careful as other people may try and show interest in the policy to claim a stake. However, Prudential did suggest that Mr B contact all parties and ask them if they had responded.

Mr B sent Prudential a further letter dated 26 June 2020 as he still hadn't heard from it about the death benefit. He wanted an update as it had by then been over six months since Mr W had passed away and he didn't understand why investigations were taking so long.

Prudential responded to Mr B on 13 July 2020 and said it was *'actively gathering the required information necessary to make a decision on how payment should be made.'*

Mr B called Prudential that day as he hadn't heard anything and Prudential confirmed it had sent a letter. Prudential also said a letter had been sent to one of the potential beneficiaries to check one final detail.

On 21 September 2020, Mr B wrote to Prudential again to request an update as he considered that he'd provided it with all the information that had been requested. Mr B said he was finding the matter very upsetting.

Prudential responded on 25 September 2020 and said it was required, as the administrator, to determine who would receive the lump sum death benefit. It said it was

important that it undertake a detailed fact find before it considered each claim and the process, therefore, could be quite lengthy. Prudential said the claim was now being reviewed by its “Technical Consultancy” team and it was checking the information it held on file. In the meantime, it asked Mr B to complete and return an enclosed payment instruction form.

Mr B completed the payment instruction form, which Prudential received on 30 September 2020.

On the same day, Prudential sent a further letter to Mr B saying it was unable to pay the death benefits into a personal bank account. Prudential confirmed its decision was to pay the proceeds to Mr W’s estate and the fund value was £25,106.

Prudential also requested the original or sealed copy of the grant of representation as the value was more than £20,000. And as it was unable to pay the benefit into a personal account, it asked Mr B to arrange an executor’s account to receive the payment.

Mr B called Prudential on 2 October 2020 after receiving its letter to raise a formal complaint. Mr B was very unhappy with the process. Mr B said that he’d given Prudential details of Mr W’s parents but when he asked for an update regarding this, he was told that it was unable to provide any information due to data protection requirements. Mr B was also unhappy that he was told he needed to obtain the grant of probate as HMRC had told him that his wasn’t necessary.

He further said that Prudential had also asked him to provide account details, which he did, but was then told that he needed an executor’s account. But this wasn’t highlighted to him at any point prior to that.

Prudential explained that the decision to pay the death benefits had been made in favour of the estate, which is why it needed to be paid into an executor’s account. But Mr B explained that he was the sole beneficiary of the will, so the funds would be transferred into his personal account in any case.

Prudential’s representative agreed to speak to the relevant team about the grant of probate and why an executor’s account was needed in the circumstances.

Mr B received a call from Prudential on 7 October 2020 in response to his complaint. The agent explained that the Bereavement Team may not be able to override the requirement for the grant of probate, but it had enquired further of it as to why an executor’s bank account was needed. The representative also asked the relevant team to confirm whether this was a legal requirement or an internal process. They also confirmed that they would start a formal complaint on Mr B’s behalf, which would be dealt with separately.

Prudential also sent Mr B a letter on the same day explaining that it would require the grant of probate as the claim value exceeded £20,000. Prudential said it wouldn’t take any further action until it heard back on these points.

Mr B received a further call from Prudential the next day reiterating the content of the letter. Mr B explained that he had only just been able to apply for probate after being given the claim value. Prudential confirmed this has already been added to the complaint as a potential delay.

Prudential issued its final response to Mr B's complaint on 23 November 2020. It said that it should have been in a position to make Mr B aware of the claim value as well as its requirement for a grant of probate. But it explained it was unable to confirm the final requirements before it had heard back from Mr W's parents.

Prudential also confirmed that the requirement for a grant of probate is a business decision if the claim is above a certain value. But Prudential did recognise that it had caused unnecessary delays in dealing with the claim and arranged a payment of £400 for the service Mr B had received.

Mr B called Prudential on 27 January 2021 as it had been sent the final piece of information (grant of probate) 20 days ago, but he still hadn't been paid. Prudential confirmed that the funds had left its account that day so it could take three to five working days to arrive.

A further letter was sent to Mr B by Prudential on 2 February 2021. It apologised for the time it had taken for the claim to be settled and confirmed that £25,158 had been paid on 25 January 2021. Prudential said it felt if it had made Mr B aware of the need for a grant of probate sooner, it could have settled the claim by 10 September 2020. So it added interest of £591.09 to the claim value that had been paid.

Mr B responded to Prudential's final response on 8 February 2021. He didn't feel the £400 compensation took into account the upset and distress caused to him. And he wanted to allow Prudential the opportunity to increase this before he brought the complaint to our service.

A further final response letter was issued to Mr B on 24 February 2021. In summary, Prudential said that it was satisfied with the amount of compensation it had offered.

Mr B remained unhappy, however, and so brought the complaint to our service.

Having considered the merits of the complaint, our investigator thought that Prudential had made mistakes in its handling of the matter, but considered that the steps it had taken to put matters right had been appropriate. She said the following in summary:

- Prudential should have notified Mr B of the need to obtain the grant of probate sooner – although Mr B was uncertain as to the reason why Prudential needed it, he was clearly willing to obtain it. But Prudential was entitled to request the grant of probate for claims which exceeded £20,000, even if it wasn't a legal requirement.
- She recognised the frustration which would have been caused to Mr B during his call on 12 June 2020, in which Prudential said it was unable to provide him with details as to the outstanding information on the case, despite providing similar information in a call during the previous month. She also noted that, in the same call of 12 June 2020, Mr B had expressed dissatisfaction at Prudential having enquired of Mr W's parents as to the relationship between Mr B and Mr W. However, Prudential had said that, when it contacts third parties, information as to the responses it receives may not be made available to the executor, even if it was the executor who had provided the contact details in the first place.
- It wasn't for this service to determine whether there had been a breach of data protection regulations, as this would be for the Information Commissioner's Office (ICO). But she in any case needed to bear in mind that Prudential hadn't disclosed any information about Mr B to a third party.

- As to Mr B's concern about Prudential having initially insisted that an executor's bank account be opened, Prudential had used its discretion to pay the pension funds to Mr W's estate, as opposed to directly to Mr B. So the investigator understood why it had needed Mr B to open an executor's account, but she also noted that this hadn't been communicated to Mr B when Prudential first requested bank details, and the money would in any case then be transferred to Mr B's account. But she was pleased to see that Prudential had then agreed to Mr B using his personal account.
- Mr B had commented that it was Prudential's stated policy to communicate in the same manner as documents are sent to it, but although Mr B had sent it documents by special delivery, it had returned them by registered post. But the investigator thought that Prudential had made it clear in a letter of February 2020 that it would return documents by recorded delivery if they had been received by special delivery. So it hadn't done anything wrong in that respect.
- In terms of putting matters right in respect of the delays incurred, had Prudential communicated things more clearly then the death benefits could have been paid much sooner. It had eventually paid the death benefits with the addition of appropriate interest which was consistent with the rate this service might apply – and so this was a fair and reasonable approach.
- Mr B was unhappy with the compensation offered by Prudential in respect of the trouble and upset the delays had caused to him, and the investigator said that she understood how Prudential's handling of the matter would have compounded a difficult time for Mr B in dealing with Mr W's death. But although Mr B had said that the £400 offered by Prudential equated to £100 for each month's delay, Prudential hadn't sought to pay a fixed amount in respect of this. Rather, the offer had been designed to reflect the upset caused as a whole – and the investigator thought that it was a reasonable offer.
- It was unclear as to whether Mr B had accepted the offer, but if he wished to do so, the investigator assumed that it was still available.

Mr B responded, saying that he had accepted the £400 payment, but remained of the view that it wasn't sufficient to reflect the time taken to resolve matters, including the telephone calls and delays, which was why he'd pursued the complaint. His acceptance of the £400 sum wasn't in full and final settlement of the complaint, he added.

Mr B also referred to our website, and in particular the following guidance on compensation payments for trouble and upset:

“An award of over £300 and up to around £750 might be fair where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort it out. Typically, the impact lasts over many weeks or months, but it could also be fair to award in this range if a mistake has a serious short term impact.”

Mr B considered that his complaint met those criteria, and he thought that the investigator's assessment had concluded the same. As such, he thought that a figure at the highest end of that range - £750 – would be appropriate in this instance. So Mr B requested an additional payment of £350.

As agreement couldn't be reached on the matter, it's been referred to me for review.

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.

Having done so, and whilst I appreciate this may come as a disappointment to Mr B, I've reached broadly the same conclusions as the investigator, and for similar reasons.

I don't think it's disputed by any party here that Prudential could have handled matters better, and Prudential both apologised for this and offered an amount in respect of the actual monetary loss, along with the trouble and upset the matter would have caused to Mr B.

In respect of the first aspect, the actual monetary loss, I agree with the investigator's view that the interest which Prudential has applied would be consistent with the type of award we would typically make in other similar circumstances. And its conclusion on the date that the death benefit should have been paid, had delays not been incurred, also seems reasonable.

But I also appreciate that this isn't Mr B's main point of contention – his continuing dissatisfaction lies with the amount he's been paid in respect of the distress and anxiety he's said was caused by Prudential's handling of the matter. And so I need to determine, on a fair and reasonable basis, whether the amount offered and paid is appropriate in the circumstances.

Prudential explained in correspondence during 2020 that it needed to undertake investigations as to whom it should pay the pension benefits – this was to establish whether Mr W had any financial dependants or interdependants, and more broadly, to ensure as far as was reasonably possible that it was paying the right beneficiary/ies. This is a standard process and I don't think Prudential acted inappropriately in undertaking it. This did involve contacting various parties, including Mr W's parents, and whilst I understand Mr B's concern at the nature of some of these enquiries, I don't think it did anything wrong in doing so.

Further, as with the investigator, I think that Prudential was entitled to make the decision that it needed the grant of probate before it could make payment, but I also agree that, had this been communicated sooner, unnecessary delays could have been avoided. As far as I can tell, Prudential informed Mr B of this requirement at the end of September 2020, some eight months after Prudential had first been notified of Mr W's death, and then it was only in October 2020 that it explained to Mr B why it could only pay the proceeds into an executor's account.

It did ultimately agree to pay the pension funds into Mr B's personal account, but the delays in informing Mr B of the requirements to proceed with the payment would inevitably have caused a not insignificant amount of distress and frustration to Mr B.

Mr B has referred to the guidance on our website for establishing the right compensation amount for this type of situation, and I agree that the wording is consistent with what has happened here. But I also need to take into account that the payment already made falls within the recommended band of amounts which might reasonably be paid.

I also need to consider Mr B's specific case and the impact which the matter has had on him. This clearly isn't an exact science, but whilst I do accept that the delays would have caused him anxiety, frustration and distress, and without wishing to understate Mr B's own sense of bereavement, I do need to take into account that Mr B wasn't a close co-habiting relative and also wasn't financially dependent upon Mr W, and so there wouldn't have been any particular reliance on the pension benefits which were eventually paid.

And so, overall, taking all of the factors here into consideration, I think that £400, sitting as it does a little above the lower end of the payment scale which Mr B has quoted, is probably about right.

My final decision

My final decision is that I don't uphold the complaint and make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr W to accept or reject my decision before 1 December 2022.

Philip Miller
Ombudsman