

The complaint

Mr and Mrs B's complaint is about a mortgage endowment policy they hold with The Prudential Assurance Company Limited. They are unhappy with the maturity value they received as they believe that the values they were given each month over the two years before the maturity were misleading.

What happened

Mr and Mrs B were sent annual statements for the policy. That sent in June 2020 provided them with a then current value of £49,285.85 and in August 2021 that had increased to £56,708.10.

On 25 October 2021 Prudential sent Mr and Mrs B a maturity pack for their endowment policy, reminding them that their policy was due to mature the following month. The maturity value was detailed as £58,433.90.

Prudential sent Mr and Mrs B a reminder on 17 November 2021 that their policy was maturing shortly. It again enclosed the necessary paperwork for them to complete to claim the maturity value. It said that the maturity value would be £58,433.90.

On 6 December 2021 Prudential wrote to Mr and Mrs B and confirmed that its previous letters had quoted an incorrect maturity value. It apologised for the inconvenience this might have caused them. It confirmed the correct maturity value of £56,094.47.

On 10 December 2021 Mr and Mrs B complained to Prudential, asking how the maturity value of the policy could be lower than the amounts they'd been quoted over the phone.

Prudential responded to Mr and Mrs B's complaint on 16 December 2021. It explained that system migrations and upgrades had meant that it had been unable to provide Mr and Mrs B with valuations for their policy on their online account. This had more recently been reflected in it being unable to provide valuations over the phone too, as the systems hadn't been showing accurate values for policies. Unfortunately, it had continued sending Mr and Mrs B annual statements, which included incorrect values and it had also provided incorrect values over the phone. Prudential accepted that this would have led Mr and Mrs B to think they would receive a higher maturity value than they should have. Prudential apologised and paid them £700 for the distress and inconvenience this mistake caused. However, it said that the maturity value it had informed Mr and Mrs B about in its recent letter was correct and the amount it would be paying when the policy matured.

The policy matured on 20 December 2021 for £56,094.47.

Mr and Mrs B weren't satisfied with Prudential's response and referred the complaint to us. When they did so they told us that had they known the values they were being given were incorrect earlier, they could have surrendered the policy and reinvested the money elsewhere to make up the shortfall. They said they understood the values for such policies could vary, but felt that being informed the value was lower than they'd been led to expect it

to be a week after they paid the last premium was not acceptable. They said that the £700 Prudential had paid them didn't cover the loss they'd suffered.

One of our investigators considered the complaint, but she didn't recommend that it be upheld. She confirmed that she couldn't ask Prudential to pay the incorrect maturity value to Mr and Mrs B, because they had never been entitled to that amount. In relation to the upset and inconvenience they'd suffered, taking into account the length of time incorrect values had been given to Mr and Mrs B for two years, which had raised their expectations, she thought the £700 paid by Prudential was appropriate. In relation to Mr and Mrs B's suggestion that had they been given correct values for the policy, they might have surrendered it and reinvested it, and been in better position, the investigator accepted that might have happened. However, what the outcome of that would have been, couldn't be known and, given the effect the Covid-19 pandemic had on financial markets, she wasn't persuaded that it could be concluded they would have been in a better position that they were at maturity.

Mr and Mrs B didn't accept the investigator's conclusions. They asked what proof there was that the maturity value they'd received had been calculated correctly. They commented that they hadn't received a final statement with all the details of the maturity payment. They questioned that Prudential had said it could calculate the maturity value a month before maturity. They questioned how the problems responsible for the error could have been allowed to happen. In addition, they highlighted that there were two policyholders and they felt that £700 between them was little redress for the distress and inconvenience that had happened to them both.

The investigator considered Mr and Mrs B's further comments, but they didn't change her conclusions. She pointed out that technical issues can happen to anyone or any business and our role is to determine whether a business has done enough to compensate a consumer that has been affected by a problem. She also explained that it was not our role to make punitive awards to punish a business. As agreement couldn't be reached, it was decided the complaint should be passed to an ombudsman.

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.

As our investigator explained, when a business has made a mistake, the aim of any redress awarded is to place the consumer in as close a position to that which they would have been in, but for the mistake. In this case, the problem with Prudential's systems gave them incorrect information, but didn't affect the actual value of their policy. So at maturity Mr and Mrs B received the amount they always would have and were entitled to. As such, I can't ask Prudential to pay Mr and Mrs B the incorrect maturity value that was detailed in the earlier letters from it.

Mr and Mrs B have speculated that had they been told earlier, they might have surrendered the policy early, invested that money elsewhere and been financially better off by the maturity date. It is impossible to know what Mr and Mrs B would have done if they had been consistently given correct information about the policy value, or if they would have done anything at all. So I don't think it would be reasonable to ask Prudential to make a payment for a financial loss based on such speculation.

However, it is clear that their expectations were raised and until the beginning of December 2021, they were expecting a maturity value approximately £2,500 higher than they received. As I have said above, I can't ask Prudential to pay them the higher value, as they were never

entitled to that money, but it is appropriate for them to be compensated for the upset and disappointment they have suffered. Although I know that Mr and Mrs B won't agree, I am satisfied that the £700 Prudential has offered them is sufficient. As our investigator has explained, the purpose of compensation is not to punish a business or to meet disappointed expectations.

Mr and Mrs B have commented that they haven't been given a breakdown for how the maturity value was calculated. This isn't something that I would necessarily have expected Prudential to have done, but if this is something that they still want, they should ask Prudential for that information and any further information they want.

My final decision

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs B to accept or reject my decision before 11 October 2022.

Derry Baxter
Ombudsman