

The complaint

Mr H complains about the payment of the maturity amount of a policy from The Prudential Assurance Company Limited. He's unhappy that he received two payments and is being asked to return one of them.

What happened

The background to this complaint is well known to both parties so I won't go over it in great detail, but the key facts are as follows:

- Mr H's policy matured in October 2019 and Prudential sent him a letter at that time advising the estimated value would be £27,753.79. A payment of £27,692.37 was subsequently made to him.
- In November 2019 he received another letter confirming that a payment of £27,753.79, representing the maturity value of the policy would be made within three days. The payment was then made and the correspondence he received noted it was an ex-gratia payment.
- Prudential contacted Mr H in March 2020 and informed him that they'd overpaid him and asked him to return the payment of £27,753.79 as it was made in error. They sent him two further letters requesting the return of the funds and in June 2020 they wrote to him explaining how the error was made and offered him a payment of £150 for the inconvenience caused.
- They subsequently confirmed that whilst it was the larger of the two payments that had been overpaid, they were willing to accept the lower of the two amounts to be returned and offered a further payment of £350 for the inconvenience caused. They also confirmed that whilst the second cheque stated 'ex-gratia', that was an error and the amount to be returned was the lower of the two payments less the £500 in total they'd offered for inconvenience.
- Mr H complained to Prudential about their decision. They didn't uphold the complaint so he asked for our help.
- The complaint was considered by one of our investigators who didn't uphold it. In summary, the investigator was satisfied that the second payment had been made in error and needed to be returned despite the cheque stating it was an ex-gratia payment. He didn't think the payment related to any bonuses from the transfer of another business (B1) to Prudential as Mr H had suggested. Mr H had received a payment relating to the transfer in 1997 with a further special bonus added that year and therefore wasn't due any further payments. The investigator also thought the compensation offered was fair and reasonable.
- He noted Mr H's comments regarding Prudential requesting repayment of the first payment not the second. The investigator explained this was because they'd decided to request the lower of the two payments as a gesture of good will. However, as Mr H

had confirmed that he wished to retain the first payment as he believed this to be the contractual payment, Prudential had agreed to amend their records and send a revised request to return the second payment.

- Mr H didn't think his complaint had been fully resolved. He explained that he still had issues with how his complaint had been handled and also with the problems caused by the second payment being classed as an ex-gratia payment.

As there's been no agreement, the complaint has been passed to me to make a decision.

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, I don't think this complaint should be upheld and I will go on to explain why. But I'd firstly like to say that I appreciate Mr H's strength of feeling regarding this complaint. I'd like to assure him that I've read and considered everything he's told us. I'm aware I've summarised his complaint points in less detail than he has, but this simply reflects the informal nature of our service.

I think it may also be helpful to remind him that this service isn't the regulator, that is the role of the Financial Conduct Authority. Our service therefore doesn't have the power to make rules for financial businesses, or direct that they change their policy or procedures. Our role here is to look at what happened in the circumstances of this complaint and check that Prudential followed their rules and procedures - as well as those set by the regulator and any relevant industry guidance and good practice - and applied them fairly.

Prudential have admitted they made an error when they sent Mr H the second payment and classed it as ex-gratia. They've explained that they had made changes to their computer systems in October 2019 which caused the error. Their systems didn't recognise that Mr H had received his maturity payment in October and therefore the second payment was sent to him in November.

I've considered about what Mr H has said regarding the second payment being a surplus asset payment for B1 members. From what I've seen, he received a payment of £429.53 in 1997 relating to the transfer of B1 to Prudential and a special bonus was added to his policy. The letter he received in 1997 said that he may be entitled to further bonuses, but there was no guarantee of this. I think that given the similarity in the amounts of the two payments, it is more likely that the second payment was a duplicate maturity payment and not a surplus asset payment.

So, when taken into account with what Prudential have explained about their system issues, I'm satisfied that the second payment was made in error and I don't think Prudential have acted unfairly in asking Mr H to repay one of the payments.

Prudential have admitted that they have caused Mr H distress and inconvenience and have offered him £500 compensation. I've thought about the impact of their errors on Mr H and the effort he's had to put into getting an answer. Having done so, I think that their offer is fair and reasonable. It is in line with what I would have awarded and recognises the significant inconvenience and considerable distress they have caused to Mr H. So, I won't be asking them to offer Mr H any more compensation or take any further action to resolve his complaint. It therefore follows that I don't uphold this complaint.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 April 2023.

Marc Purnell
Ombudsman