

The complaint

Mrs N complains that Wesleyan Assurance Society delayed the surrender of a whole of life policy because it incorrectly recorded the policy was assigned to a bank.

What happened

In late 2020 Mrs N asked Wesleyan what was required to surrender her existing whole of life policy and she was guided to complete an on-line request. When the request was received Wesleyan said its records still showed the policy was assigned. As a result, the surrender of the policy was delayed, and Mrs N was left concerned that Wesleyan had provided details of the policy to the bank.

Mrs N complained to Wesleyan and it upheld the complaint. Wesleyan apologised for the breakdown in its processes and for the service it had provided during the surrender of the policy. Wesleyan offered to pay £500 to Mrs N to reflect the distress the delay caused her. Wesleyan said it should have ensured the assignment was removed from its records in 1994 when the bank asked it to. Wesleyan says it didn't provide the bank with policy or personal details of Mrs N.

Mrs N didn't accept the offer made by Wesleyan and brought her complaint to the Financial Ombudsman Service. One of our Investigators looked into things and thought that Wesleyan's offer of £500 for the upset caused was a fair and reasonable one. Mrs N didn't agree with the Investigator asked that an Ombudsman decides the complaint.

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.

Mrs N has concerns that the bank who sent the assignment notice to Wesleyan in 1992 didn't have her authority to do so. Mrs N says the bank didn't have any interest in this particular policy, although it did have an interest in another policy she held with Wesleyan. To be clear, I'm not looking at whether the bank had the authority to assign the policy Mrs N is complaining about. This is being considered separately as a complaint against the bank and I won't be making any comments in this regard. I will address the concerns Mrs N raised about Wesleyan and the service it provided her.

I understand that Mrs N may be disappointed, but I've decided the offer made by Wesleyan is a fair and reasonable one. I will now explain why.

In 1992 the bank sent a notice of assignment for a policy Mrs N owned. I'm satisfied that when it received the notice Wesleyan acknowledged it and told the bank it would need to produce the necessary deeds before any payment could be considered. Although I appreciate Mrs N has concerns that Wesleyan may have provided personal or policy information to the bank, I've not seen anything to persuade me that it did. Wesleyan did confirm there were no existing assignments or notices of interest on the policy.

In 1994, Wesleyan received a notice from the bank saying it no longer had an interest in the policy. Although Wesleyan acknowledged this to the bank, it accepts it didn't amend its records to show this. This meant that when Mrs N submitted the surrender request on this policy Wesleyan thought the policy was still assigned to the bank. I consider it reasonable for me to conclude this error caused a delay in Mrs N receiving the proceeds from the policy.

I've seen that Mrs N contacted Wesleyan several times in late 2020 before deciding to surrender the policy. When she asked how long the surrender would take, Wesleyan told her it would be about five to seven working days. As it seems the systems Wesleyan was using showed the policy was still assigned, I consider it would have been reasonable for it to tell Mrs N of this at the time she first highlighted her intention to surrender the policy. Unfortunately, Wesleyan didn't deal with this as well as it should have, and I can understand Mrs N would have been shocked with the unexpected delay to the surrender process.

Wesleyan has provided details of the surrender values it quoted to Mrs N in late October and November 2020. Although there was some additional discussion about a premium that had been paid shortly before the policy was finally surrendered, I'm satisfied Mrs N didn't suffer a financial loss because of the delay. However, I consider Mrs N did have to contact Wesleyan on a number of occasions to ensure the surrender happened. It took longer than Mrs N had been led to believe it would, and this caused her some distress and indeed some inconvenience at the time. Having considered this, I've decided that Wesleyan's offer to pay Mrs N £500 Wesleyan was a fair and reasonable one.

My final decision

Wesleyan Assurance Society has already made an offer to pay £500 to settle the complaint and I think this offer is fair in all the circumstances. So, my decision is that Wesleyan Assurance Society should pay Mrs N £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 14 December 2022.

Paul Lawton
Ombudsman