

The complaint

Mrs C has complained about the service received from The Prudential Assurance Company Limited (“Prudential”). She says Prudential had told her and her financial adviser that her with profits bond had been surrendered. She says this caused her considerable distress and inconvenience because she hadn’t surrendered it or put in a request to do this.

What happened

Mrs C held a with profits bond with Prudential that it called a *‘prudence initial charge bond’*.

Mrs C says that in January 2022, as a result of information Prudential had given to her financial adviser, she was led to understand that her bond had been surrendered and was not worth anything. She says that hearing this caused her significant distress and inconvenience as she hadn’t surrendered it and was expecting there to be a guaranteed balance.

Mrs C says she tried to call Prudential on 11 January 2022 and check online. She said she initially was not reassured by a representative from Prudential and when she checked online, she also couldn’t find the details of her bond. She says this caused her a considerable amount of distress as she didn’t know what was happening. A representative from Prudential did make contact later in the day and then a letter was also sent by them dated 17 January 2022.

In this letter Prudential explained that Mrs C’s bond was initially arranged in twenty segments and that in 2012, she encashed four of them, leaving sixteen segments. It said when Mrs C’s financial adviser contacted Prudential, he didn’t have authorisation to obtain information about the remaining sixteen segments of the policy, but it did give him details of the encashment that had already taken place. This, it says, was the cause of the confusion as the financial adviser was only told about the encashed segments that now have no value.

When Mrs C complained to Prudential, it upheld it and initially offered a compensation payment for £100. It then increased this overall to £350. It says this was because it could have dealt with Mrs C’s complaint quicker and for its initial response where it says it could have done better, and as an acknowledgement that Mrs C would’ve been distressed by not knowing what had happened to her bond.

Mrs C did not agree to this offer or Prudential’s response. She referred her complaint to our service.

An investigator from our service looked into Mrs C’s complaint. He sent his view to both parties and felt Prudential’s offer was a fair one. He said the information Mrs C had been given about her policy, was from her financial adviser and not from Prudential. But he said Prudential could have done better in communicating with Mrs C information about her bond. He said the offer that Prudential had made to Mrs C was fair compensation.

Mrs C disagreed and responded with the following points:

- That she deserves appropriate compensation for her distress. Prudential has paid £100 directly to her account but it has not paid a sum of £250.
- Her initial contact with a prudential staff member was when her distress started. She said they told her the funds had been withdrawn and was told another representative would get in touch.
- She says she checked online, and her account was showing as null and void.
- She says after several return checks to the website, she could see balances for her funds but that these were lower than what she was expecting by over £2,000.
- She says over £88,400 just disappeared and was reported back to her as withdrawn.
- She says Prudential's failure to protect her funds has led to her losing a great deal more than the compensation it has offered her.

As the parties are not in agreement, Mrs C's complaint has been passed to me, an ombudsman, to look into.

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 can see that Mrs C encashed four segments of her with profits bond in 2012, leaving sixteen segments. So, Mrs C had one part of her bond showing with a zero balance and another part that was still running and with a balance. The way this information has been relayed to Mrs C initially has been the cause of much of the confusion regarding the value of Mrs C's bond and whether it had been surrendered. And this in turn has caused Mrs C distress and inconvenience. I can see why that would be the case and why Mrs C was worried about what had happened to her bond when she tried to contact Prudential on 11 January 2022.

That said, after looking through all the documentation from both parties I can also see that the bond did not go anywhere. It wasn't encashed and it didn't go missing. The issue here is one of miscommunication between the parties and this has led to Mrs C, for a short period of time, not knowing what was going on. I can see that Prudential did get in contact with Mrs C and attempted to reassure her on 11 January 2022 and followed this call up with a letter explaining what had happened. But there was still a short period of time where Mrs C was distressed about her bond.

Prudential offered to pay in total £350 payment for distress and inconvenience caused. Mrs C would like this amount to be much higher, but I think this offer is fair and reasonable in the circumstances of her complaint. I say this because although I acknowledge the strength of Mrs C's feelings about what has happened, I can see Prudential did try and make contact on the same day that Mrs C contacted it. And it did follow up matters by sending an explanation of what happened in writing shortly afterwards too. So, I think Prudential did make attempts to put things right and in quick time after it could see something had gone wrong.

I understand that Prudential has paid £100 of the £350 it has offered already but Mrs C says that she has not received the remaining amount of £250. So, Prudential would need to pay £250 to take the overall compensation payment to £350 in total, as it has offered.

I'm sorry that it is likely to come as a disappointment to Mrs C as she would have liked Prudential to have paid her additional compensation. But for the reasons I have given, I don't think this would be fair or reasonable in the circumstances of her complaint.

My final decision

The Prudential Assurance Company Limited has already made an offer to pay £350 to settle the complaint and I think this offer is fair in all the circumstances. It has already paid £100.

So, my decision is that The Prudential Assurance Company Limited should pay an additional £250 if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 20 January 2023.

Mark Richardson
Ombudsman