

## The complaint

Mr A's complaint relates to the maturity value of a joint mortgage endowment policy he and his ex-wife (Mrs H) held with Prudential Assurance Company Limited. He is 'horrified' that Prudential paid half of the maturity value to his ex-wife without his authorisation, which he says resulted in her receiving over £1,000 more than she was entitled to. Mr H also doesn't think that Prudential made enough effort to ensure he was aware of the maturity and claimed the policy value.

In settlement of the complaint, Mr A wants Prudential to pay him the amount of the 'overpayment' made to Mrs H and a sum for the mortgage interest he would have saved, had he paid the money off his mortgage immediately following the policy maturity. In addition, Mr A wants a compensation payment in the thousands of pounds to compensate him for what he considers are the inappropriate actions of Prudential, and the stress and grief he has suffered. Mr A asked that the complaint be referred to an ombudsman.

## What happened

Mr A and Mrs H held a joint mortgage endowment policy with Prudential, which matured on 1 December 2017. Prudential wrote to both Mr A and Mrs H at their respective addresses to notify them of the maturity and provide the documentation they needed to complete to claim the money.

At the end of November 2017 Prudential separately chased Mr A and Mrs H, as it hadn't heard from them regarding the policy maturity. It asked them to complete the claim form(s) and return it as soon as possible. A further chaser letter was sent. As Prudential hadn't heard from either policyholder by 8 January 2018, it wrote to them again and confirmed that it had closed its file until it received instruction.

Mrs H then wrote to Prudential. She explained that Mr A had dealt with claiming previous maturity claims, but she had been unable to contact him in relation to the current one. She confirmed she wanted the maturity settled and asked for Prudential's advice about how to proceed.

Prudential tried to call Mr A to discuss the maturity on 29 January 2018, and left a voicemail when he didn't answer. Further chaser letters were sent to Mr A in February 2018. Prudential explained that as the policy was a joint one, both policyholders were equally entitled to the policy proceeds and so it needed the authority of both policyholders before it could pay the proceeds out. It asked him to complete a payment authority form and return it, detailing how much was to be paid to each policyholder. It went on to say that if he didn't respond by 16 March 2018, it would release half the maturity value to Mrs H.

Prudential confirmed to Mrs H that it had written to Mr A for his payment instructions and was waiting for his reply. In light of Mrs H wanting the maturity value paid, and Mr A not responding, Prudential paid out half the maturity value to Mrs H.

Mr A confirmed that in 2022 he located, in his home, the letters sent to him on 8 January and 13 February 2018; they were unopened. However, he stated that he didn't receive the earlier

letters. Nor does he believe that Prudential tried to call him, and left him a voicemail, in January 2018. Mr A has also said that he can't find any evidence of Mrs H trying to call him before she claimed half the maturity value.

Mr A was paid half the policy maturity value, plus interest, less tax on the interest, in February 2022.

Mr A complained to Prudential about it paying half the maturity proceeds out to Mrs H. Prudential didn't consider it had done anything wrong in doing so. It explained that irrespective of who paid the premiums, each policyholder was equally entitled to the maturity value. In addition, it was satisfied that there had been no delays caused by its procedures and administration in Mr A receiving his share of the maturity value. It did, however, apologise to Mr A about detailing an incorrect telephone number in an item of internal correspondence, which he had noticed and raised. It had been a human error and Prudential confirmed that the number had never been associated with him on its records. A £100 compensation payment was sent to Mr A for the concern the typographical error had caused him.

Mr A wasn't happy with the response from Prudential and referred the complaint to us. He explained that he and Mrs H had an arrangement, whereby following their divorce, Mr A paid the premiums in full to the policy in question and others. When the policies matured, the maturity value would be paid to Mr A and he would then deduct Mrs H's share of the policy premiums from her share of the maturity proceeds.

One of our investigators considered the complaint, but she didn't recommend that it be upheld. She was satisfied that Prudential hadn't done anything wrong in paying Mrs H half the maturity proceeds.

Mr A didn't accept the investigator's conclusions. He reiterated that he felt he had been '*grossly unfairly treated*' by Prudential. He said that he considered Prudential had made an unauthorised payment to Mrs H and that it had failed to use all reasonable measures and means to contact him. This he considers would have involved using various methods of communication, different postal options and tracing his next of kin. He set out why he believed this and the losses he had suffered because of Prudential's actions. Mr A said that he wanted Prudential to admit that it had made an unauthorised payment and also wants an apology from its CEO.

### **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.

Before I explain my decision, I think it's important for me to recognise Mr A's strength of feeling about this matter. He has provided detailed submissions to support this complaint, which I have read and considered carefully. However, I hope he won't take the fact my findings focus on what I consider to be the central issues, and not in as much detail, as a discourtesy; as no discourtesy's intended. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I have ignored it. It is because I didn't think it was material to the outcome of the complaint.

Mr A has said that Prudential didn't make enough effort to contact him in 2017 and 2018 before it paid part of the maturity value out to Mrs H. While I note that he has said he didn't receive the maturity notification and the earlier letters, I am satisfied that they were correctly addressed. Although some letters do go missing in the post, the vast majority are delivered when they are correctly addressed. As such, I consider that it is more likely than not, as with

the letters Mr A found unopened in 2022, the earlier letters were delivered to his home. I also note that, based on contemporaneous records, Prudential attempted to contact him by telephone in early 2018 and left him a message.

While Mr A has indicated that he doesn't believe that Prudential sent the letters he has said he didn't receive or that it tried to call him, the available evidence doesn't support that being the case. I am satisfied that in sending multiple letters to the correct address and attempting to telephone Mr A, Prudential made appropriate and proportionate effort to inform him of the situation regarding his and Mrs H's policy. The fact that Mr A didn't open the correspondence and may not have listened to the telephone message, isn't Prudential's fault.

At the core of Mr A's complaint is that he doesn't believe that Prudential should have paid any of the maturity value out without both his and Mrs H's joint authorisation. When a couple divorces, a financial settlement is agreed, which should include assets such as joint investments like endowment policies. However, frequently it does not, and one party simply takes over maintaining such policies. When they reach maturity problems arise because of the lack of formal agreement as to the maintenance of, and proceeds from, the maturing policies. It is often the case that one or other of the policyholders can't be reached for some reason.

As has been said previously, when it comes to a joint policy, both parties have a right to the proceeds. Unless a life assurance company has been told otherwise, that would usually be considered to be an equal right. While I note that Mr A has said he and Mrs H had an agreement between them about how much of the policy proceeds Mrs H would receive, Prudential wasn't told about the agreement as it related to the policy in question. Although all of the proceeds of previous maturities, with the agreement of Mrs H, were paid to Mr A, she didn't give the same instructions to Prudential on the policy in question. In the absence of such instruction, Prudential was reasonable to attribute each policyholder with the right to 50% of the proceeds. If Mrs H accepting half of the maturity value was contrary to Mr A and Mrs H's private arrangement, that would be a matter for them to discuss between them.

In this case, Prudential had both parties' contact details, but one of the parties didn't respond and the other told it that she wanted the maturity proceeds to be paid out. As I have said above, it is not an unusual situation when it comes to mortgage endowment policies for only one of the policyholders to engage with the life assurance company, which can be the case for various reasons. In the circumstances, the life assurance company is placed in a difficult situation; it can either disadvantage the policyholder who is in contact with it by withholding what is reasonably their share of the maturity proceeds, or it can pay that share out and hold the remainder in the event that the remaining party contacts it or the one that has previously, proves they are entitled to the remainder. It has become quite normal industry practice for life assurance companies to pay out half the policy proceeds to a policyholder that requests it in such circumstances. As such, I can't find that Prudential acted unreasonably or inappropriately in doing so in this case.

### **My final decision**

My final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr A to accept or reject my decision before 7 December 2022.

Derry Baxter  
**Ombudsman**