

The complaint

Mr W complains The Prudential Assurance Company Limited (Prudential) took too long to process the maturity of an endowment policy.

What happened

The background of the complaint is already well known to both parties, so I won't go into detail again here. In summary, Mr W had an endowment policy which matured on 18 November 2021. He complained because he didn't receive the funds until 15 February 2022 and he was concerned he received less because of the delay.

Our Investigator issued a view agreeing there had been some delay. They felt Prudential's payment of £275 already appropriately recognised the trouble and upset caused but interest on the funds should be paid at 8% simple (per annum). This was to cover the period between when Prudential should have made the payment and when the payment was actually made. Prudential agreed to pay the suggested settlement. But Mr W didn't agree. So, the complaint has been passed to me to decide.

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 agree with the conclusions reached by our Investigator for the following reasons.

I've reviewed a letter sent by Prudential to Mr W on 23 September 2021 which confirmed the policy was due to mature. Prudential said the estimated amount payable on the maturity date was £51,277. They went on to explain the value was only a guide and could not be guaranteed. They said the actual amount would be calculated on the maturity date and unit prices go up and down, so the value could be higher or lower. I'm satisfied it was clear that the value was only estimated.

I know Mr W has raised concerns that the letter didn't convey exactly how volatile the markets might be and how much the value might drop. But I don't think this was unreasonable. In the circumstances, it wasn't necessary for Prudential to advise about the specific market conditions. They informed Mr W about the maturity of his policy, but they weren't acting as his financial advisers. Therefore, it was reasonable to provide an estimate and to explain why it wasn't guaranteed.

I've also seen the letter Prudential sent to Mr W on 15 February 2022. Prudential confirmed the plan matured on 18 November 2021 and it was worth £49,526.84 at maturity. They broke down the value for the with-profit units and investment linked units. It also included a small gratuitous interest payment.

Prudential have also explained the investment was switched to a cash fund on

18 October 2021. It isn't unusual for providers to do this as it protects the value of the fund when the policy is very close to maturity. It was also a reasonable period in which to switch to the cash fund and I wouldn't have expected this to occur any sooner. Therefore, I'm satisfied the value was correct.

Nevertheless, I can see there was some delay in paying the funds to Mr W. Prudential wrote to Barclays bank on 28 September 2021, 20 October 2021 and 14 December 2021 and asked for written confirmation it no longer had an interest in the policy. So, Prudential reasonably sought to contact the bank for the information they needed to pay out the funds to Mr W and this was in advance of the maturity date.

I've seen a letter from the bank, dated 10 January 2022, which confirmed it had released its interest. However, I understand Mr W contacted Prudential who told him they hadn't received the letter and asked Mr W to send a copy. I appreciate this would have been frustrating, and I can't explain why the letter wasn't received by Prudential. But Prudential confirmed it hadn't been and asked Mr W to send them a copy.

Mr W sent the bank's letter to Prudential on 31 January 2022. I know he expressed concern Prudential shouldn't accept the letter as it had been passed on by him. But Prudential had confirmed they needed written confirmation from the bank and the letter provided this.

Prudential have confirmed they were in a position to send the funds on 4 February 2022 but didn't do so until 15 February 2022. I agree with this based on the correspondence I've seen. Prudential wouldn't have been able to pay the funds to Mr W until they received the bank's written confirmation. But they would have been in a position to make the payment shortly after receiving it. So, payment should have been made on 4 February 2022 and Mr W was without the funds until 15 February 2022.

Overall, I can see there was delay paying out to Mr W. But I'm satisfied this delay did not impact the value of the fund which was calculated at the time of maturity.

Putting things right

I appreciate Mr W spent a lot of time chasing and I want to assure him I've considered the impact Prudential's service has had on him. He's confirmed he chased both Prudential and the bank and I can see that evidenced in the correspondence provided.

Prudential have already paid £275 for the trouble and upset caused by their service. I'm satisfied this appropriately recognises the impact their service has had on Mr W and I won't be asking them to make a further payment in this respect.

Also, Prudential have already paid interest of £13.06 to reflect the period between 4 February 2022 and 15 February 2022 when Mr W was without the maturity funds. However, in this case, interest should be applied at 8% simple per annum. Prudential have calculated this to be an additional £84.24 (including the tax deduction). I'm satisfied this interest payment fairly and reasonably recognises the period in which Prudential were responsible for Mr W being without the funds. And Prudential should pay this amount to Mr W.

My final decision

I'm upholding this complaint and Prudential should put things right in the way outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 December 2022.

Laura Dean
Ombudsman