

The complaint

Mrs H complains that Prudential Assurance Company Limited (Prudential) didn't assign a whole of life assurance policy to her.

I understand that the policy has been surrendered and the proceeds were paid to a third party. To put matters right Mrs H wants Prudential to reinstate the policy and assign it to her.

What happened

I understand that Mrs H's former husband took out a whole of life policy in 1974. Mrs H was the life assured and Mrs H's former husband was the proposer of the policy and its legal owner. Mrs H says she paid the premiums on the policy after her divorce from her former husband. Mrs H initially said that she thought the policy was assigned to her during divorce proceedings.

However, records Prudential has provided to this service from early 2004, show that Mrs H told it that there was no court order assigning the policy to her. In order to assign the policy to Mrs H, Prudential would have needed Mrs H's former husband's consent, or, following his death, that of his estate.

The records available show that Mrs H wrote to Prudential in early 2004 to inform it that she wanted to become the proposer. This was also discussed in phone calls around that time. Unfortunately, for whatever reason, the policy was not assigned to Mrs H or amended to make Mrs H the legal owner of the policy. I understand the policy was made paid up in 2014.

In 2020 Mrs H contacted Prudential about the policy. After some delay Mrs H was told that the surrender value of the policy had been paid to a third party.

Mrs H complained to Prudential as she felt it had incorrectly paid out the surrender value. Prudential did not uphold Mrs H's complaint. It explained that Mrs H was not the legal owner of the policy. It said the legal owner had been her late former husband, and Mrs H was the life assured. When Mrs H's former husband died the policy had formed part of his estate.

It said it had carried out investigations to trace Mrs H's former husband's next of kin and the legal ownership of the policy had passed to them. It said that as Mrs H was not the legal owner of the policy, it could only provide her with very limited information, but it was able to confirm that the policy had been claimed and no longer held any value.

Mrs H was not satisfied with Prudential's response and asked this service to look into her complaint. She explained that she had remained on good terms with her former husband until he passed away. She said she was sure that he would have agreed to assign the policy to her.

Our investigator said she felt Prudential should have explained to Mrs H what needed to be done to arrange for the policy to be assigned to her, when she contacted it in 2004. But our investigator said she couldn't safely find that the policy would have been assigned to Mrs H before her former husband passed away.

However, she said she was satisfied that Mrs H would not have continued making payments towards the policy if she had known that she wouldn't derive any benefit from it. To put matters right she said Prudential should refund the premiums Mrs H had paid since April 2004, plus interest and pay Mrs H £100 for the trouble and upset this matter had caused her.

Mrs H did not accept our investigator's view. She reiterated that she was sure her late former husband would have agreed to assign the policy to her and provided some background to explain why this was not arranged at the time of their divorce. Mrs H also noted that the policy value was over £6,000 in 2019, so she felt the redress recommended by our investigator was insufficient to compensate her for the loss she had suffered.

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 am sympathetic to Mrs H's position, and I have very carefully considered all that has been said and provided in connection with this complaint. Having done so I have reached the same view as our investigator and for much the same reasons.

I agree that Prudential should have done more to help Mrs H when she contacted it in early 2004. However, I can't safely find that the policy would have been assigned to Mrs H by her former husband before he died, even if Prudential had provided more assistance when Mrs H contacted it in early 2004.

But I don't think that Mrs H would have continued to pay the premiums for the policy if she had been made aware that she was not entitled to the surrender value of the policy, or if she chose to maintain it, that the proceeds would not form part of her estate on her death.

I do understand that this is not the decision Mrs H was hoping for, but in the absence of anything to show that Mrs H's late former husband would have assigned the policy to her, I cannot reasonably require Prudential to reinstate this policy and assign it to Mrs H.

Putting things right

To put matters right Prudential should refund all the premiums Mrs H has paid in connection with this policy from 4 April 2004 onwards, plus 8% simple interest per year on the premiums from the date the premium was paid, to the date the redress is paid.

In addition, it should also pay Mrs H £100 for the trouble and upset this matter has caused her.

My final decision

My decision is that, for the reasons I have set out above, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 22 August 2023.

Suzannah Stuart
Ombudsman