

The complaint

Mrs D as trustee of the M Trust complained about Zurich Assurance Ltd (Zurich). She said Zurich delayed payment of her with profits life assurance policy.

Mrs D would like Zurich to pay compensation for the loss she said she has incurred along with a payment for distress and inconvenience.

Mrs D's husband Mr D, complained about the same issue and this has also been looked at by our service separately. To be clear, the complaint that I have looked at is about Mrs D's policy only.

What happened

Mrs D as trustee of the M Trust took out life assurance policy with profits in 1977. She said she decided to encash her policy, and this was worth around £32,800. She said she sent instructions to Zurich on 3 April 2024.

Mrs D said Zurich took a long time to process her instructions. She said she had to call it 3 times to chase and confirm all was correct. She said Zurich then saw that there wasn't a signature on the form. She said there was then a delay in the postal system.

Mrs D said Zurich finally found the forms but in the meantime her policy went down in value. She said she finds it unacceptable that Zurich caused a delay as she would have received more if the policy had been encashed sooner. She said she would have received approximately £1300 sooner. She complained to Zurich about this.

Zurich said in response that it sent a claim form out to Mrs D in March 2024 and received a completed form back on 3 April 2024. It said it could see the form was incorrectly filled in and was missing Mrs D's signature. It said because of this it returned the form to Mrs D and asked her to sign it and send back.

Zurich said Mrs D contacted it on 17 and 18 April 2024 saying she hadn't heard anything. It then confirmed it received Mrs D's amended form on 19 April 2024. Zurich said it was at this point that Mrs D's form was scanned to the wrong team. It said this was recovered and Mrs D's plan was then surrendered, and a cheque was sent to her on 8 May 2024. It said it also refunded the May 2024 premium.

Zurich explained that the plan value is calculated from the day it receives its last requirement from the policy holder and not on the day that it is required to be surrendered. It said Mrs D didn't incur any loss as the policy was valued correctly on the day it was supposed to be, this being the notification date, once it had received a completed and signed form.

Zurich said sorry for the delay in processing Mrs D's claim though, it said this was caused by a scan going to the wrong team. It said in recognition of this and the trouble and upset caused, it would send a payment of £100 to her.

Mrs D was not happy with Zurich's response and referred her complaint to our service.

An investigator looked into Mrs D's complaint. He said there wasn't a delay caused by Zurich up to 19 April 2024, when it then received Mrs D's signed form back. He said Zurich then was responsible for a short delay in processing Mrs D's signed form and request to surrender her policy. He said Zurich paid £100 compensation for the delay and this seemed fair and reasonable to him.

But the investigator concluded that Zurich had not completed a loss of interest calculation and felt this should be done. He said he thought Zurich should have also paid Mrs D interest, from the day she ought to have received a cheque to the day she did do so.

Mrs D said in response that she still felt Zurich caused a longer delay. She said the wait caused her a lot of anxiety that she didn't want any other customer to have to go through. But she said, she wanted the investigator to go ahead with his recommendations as she had to consider her health.

Zurich was not in agreement with the investigator's view. It said it was pleased that the investigator agreed with it that the surrender request had been processed correctly up to the point the forms were returned on 19 April 2024. It said that although it was also happy that the investigator agreed the £100 compensation offered was reasonable, it didn't agree that it had not acted fairly by not also offering a payment of interest.

Zurich said the £100 payment it had already made, more than covered any interest. It said if it had paid interest then it would not also have awarded a payment for trouble and upset.

Because the parties are not in agreement, Mrs D'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.

The parties are now not in dispute about most of Mrs D's complaint. This is because although Mrs D still feels Zurich caused a longer delay in processing her request to surrender her policy, she wants to move on with her complaint and has accepted what the investigator has recommended.

That said, I would like to start by saying I agree with the investigator's findings too about when Zurich were responsible for a delay here. After reading all of the documentation carefully along with the submissions made by the parties, I don't think I can fairly say Zurich were responsible for a delay before 19 April 2024.

I have also listened to the phone call recordings that happened between Mrs D and Zurich in March 2024 and can clearly hear the representative say that the form needed to be signed. So, when the form turned up unsigned, I can see why Zurich would need to send it back. It wasn't until Zurich received the form on 19 April 2024, that it was in a position to then process it and arrange for Mrs D's policy to be surrendered. So, I don't think Zurich were responsible for a longer delay than it has taken responsibility for.

Zurich has said it was responsible for a mistake that caused a short delay: it scanned Mrs D's application to the wrong team. After Mrs D chased Zurich up, it did locate the form and then processed it, and a cheque was sent to her on 8 May 2024. I note this is a bit later than her husband received his cheque on 29 April 2024, although it is important to note that Zurich has confirmed that it valued each policy on the correct date. It is instead the case,

that the processing of Mrs D's request was delayed so she had to wait longer to receive her cheque, and it's this that is the cause of Zurich's mistake.

For this, Zurich has said sorry and admitted its mistake. It has also paid compensation of £100 that it said was for trouble and upset. I understand it has already paid this amount to Mrs D.

So, it comes to me to consider the last remaining issue left outstanding in Mrs D's complaint. The investigator recommended that Zurich calculate an interest payment from the date she ought to have received a cheque, and the date she did receive it. Zurich said this was already covered in the payment it had made of £100. It said if it had to pay interest it wouldn't have paid £100 for trouble and upset.

I don't understand what Zurich is saying here when it says it would pay interest or a payment for distress and inconvenience. There are times, where it is fair and reasonable for a business to pay both to put things right, if for instance it makes a mistake that causes someone distress and inconvenience, and denies them use of their money, as I think was the case here.

As I see it, by recommending Zurich pay interest, the investigator was just looking to ensure it paid a fair amount to Mrs D. Zurich has paid £100 because it made a mistake and caused a short delay, so it paid it for the trouble and upset caused. I can see that trouble and upset is what it told Mrs D it paid this amount for, when it wrote to her. And interest for loss of use for the money Mrs D was delayed in receiving, was not mentioned.

So, I think Zurich should also pay interest for the time Mrs D was delayed in receiving the cheque. This is because she has been denied the use of her money during this period of time and she should be paid interest for this.

Zurich has already paid £100 compensation to Mrs D. I think the amount it has offered and paid here to be fair for the reasons it said it offered it, this being for trouble and upset it caused. But I think Zurich also should pay interest on the surrender value from the date Mrs D should have had it to the date she did have it on 8 May 2024.

My final decision

My final decision is that I uphold Mrs D as trustee of the M Trust's complaint.

Zurich Assurance Ltd should pay Mrs D as trustee of the M Trust an interest payment of 8% simple on the surrender value of her policy, from the date she should have received a cheque for her surrendered policy on 29 April 2024 to the date she did receive it on 8 May 2024.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D as the trustee of the M Trust to accept or reject my decision before 9 December 2024.

Mark Richardson
Ombudsman