

complaint

Mr F complains about the amount of interest The Prudential Assurance Company Limited added to his endowment policy when payment was delayed. It applied the Bank of England base rate and Mr F says this rate (0.5%) is too low and unfair.

background

Mr F complained to Prudential – initially as a service complaint. It said that because the proceeds had been in a suspense account for more than two months after the maturity date it had added interest at the rate at 0.5%, the Bank of England base rate for the time.

Mr F was unhappy with that response to his complaint and he requested that it increase the interest rate to 3%. He asked our service to provide an independent assessment and the complaint was considered by one of our adjudicators. He concluded that the interest rate at 0.5% (gross) was reasonable in all the circumstances. He did not consider that Prudential were at fault and had caused the delay.

The adjudicator explained that an ombudsman had already made a decision about the delay in paying the same proceeds to Mr F and said that our service could not consider the earlier delay as that complaint had been made too late. So in this complaint the adjudicator only considered the period from when this complaint started in April 2013 until the proceeds were paid in August 2013.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same conclusion and for broadly the same reasons as the adjudicator before me. I do not uphold this complaint.

I accept that it has been some time since this policy matured and because of the rules that we must follow it has not been possible for our service to look into the cause of the earlier delay that Mr F believes was due to Prudential.

I can only look at the period from April 2013 onwards. And I do not think there was any unnecessary or unreasonable delay by Prudential from then until payment in August 2013.

The policy included Mr F's ex-partner as a policy holder and she had an interest in the proceeds. She was living abroad and this undoubtedly caused difficulties throughout this process when Prudential needed to prove identification and deal with other policy requirements before paying out the value. It has to make sure the payment is made correctly and I do not conclude that there was any undue delay from April 2013.

If Prudential had been responsible for a delay in payment then I would expect a higher rate of interest to be added but as it stands the rate applied is largely a matter of its discretion. And this service does not normally interfere with a business's legitimate exercise of its commercial discretion.

So whilst I can understand Mr F's concerns, I can only uphold a complaint and make an award where a business has done something wrong. I do not think Prudential is wrong in this case and do not uphold the complaint.

my final decision

I do not uphold this complaint and make no award.

Keith Taylor
ombudsman