

complaint

Mr and Mrs W's 'with-profits' endowment savings plan, which also included term assurance, recently matured and they received less than expected. They want The Prudential Assurance Company Limited to pay them £10,000 as this was the maturity value they say they were told they would receive at outset.

background

In 1991 Mr and Mrs W took out an endowment savings plan with term assurance. They say that they were told they would receive a minimum payment on maturity of £10,000. However, the maturity value in 2015 was £9,189.39. They complained to the business and it rejected their complaint and so they brought the matter to this service.

Their complaint was investigated by an adjudicator. Although he agreed Prudential's advisor may have indicated the amount they might receive at maturity, he did not think this represented a guarantee of value. The adjudicator didn't recommend that the complaint be upheld. He felt the illustration Prudential provided at outset reasonably explained the amount received at maturity would be dependent upon the allocation of bonuses, which was at Prudential's discretion.

Mr and Mrs W did not agree and asked for an ombudsman's final decision and the complaint has therefore been allocated to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The policy provided £10,000 of life cover and a guaranteed payment on maturity of £3,889 plus bonuses. The policy document provides the standard illustrations as required at the time. It shows that with 10.5% investment return it would be worth £17,000 and with 7% it would be worth £10,300. Regrettably it has not performed as well as hoped for and so has fallen short of both illustrative figures. It is worth noting these are only illustrative and not guarantees.

With any investment of this nature there can be no guarantee of the level of return. The policy makes no such guarantee. The return is dependent on the performance of the market and in recent years it has been somewhat different from 1991. The only issue is what were Mr and Mrs W told in 1991? They say that 25 years ago they were told they would get back at least £10,000. While I have no reason to doubt their recollections I also have to consider what the documents they were given say.

I am sure that the figure of £10,000 will have been mentioned by the advisor since that was the sum assured. However, I can't be sufficiently confident that he offered them a guarantee this is what they would receive after 25 years. No one could offer such a guarantee given that the final pay out was dependent on financial performance.

I appreciate that Mr and Mrs W will be disappointed by my decision, but I cannot safely conclude that they were misled by the business

my final decision

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 25 April 2016.

Ivor Graham
ombudsman