

complaint

Mrs B, Mrs S and Mr B were trustees of a bond held with The Prudential Assurance Company Limited. They're unhappy with how long their surrender request took, and would like compensation for their losses.

background

Last summer, the trustees wanted to surrender their bond and had their IFA forward the paperwork onto Prudential – this was received on Thursday 21 June. As the trustees hadn't heard anything, their IFA called Prudential the following Tuesday 26 June for an update. At this point, they were told that additional identification documentation was needed to verify Mrs B as, for one reason or another, an automatic security check had failed. The IFA sent the documentation in the next day – Wednesday 27 June – and Prudential processed the withdrawal that day.

The trustees were not happy. From Thursday to the following Wednesday, the value of the bond had fallen around £4,500. They made a complaint as they felt Prudential had unfairly delayed things. But Prudential didn't agree – they said they had a five working day turnaround time for handling things like this and they had to follow their security policy.

Remaining unhappy, the trustees asked for our help. One of our investigators looked into what had happened but she felt Prudential has acted reasonably. The trustees disagreed – they said, in summary:

- Prudential ought to have had the documentation they needed to verify Mrs B given that the same paperwork was provided for another surrender in 2016.
- Normal practice for surrender is to use the unit prices on the day the instruction to sell is received – this would have been Thursday 21 June.
- When checks failed, Prudential ought to have notified the trustees immediately but they only found out when their IFA intervened the following week.

my findings

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, while I appreciate the trustees will be disappointed I don't think Prudential have acted unreasonably.

Prudential told us they received the trustees' paperwork on Thursday 21 June. There's likely to have been some processing after that, and perhaps some routing to the right department. But the more substantive work on the withdrawal began on Tuesday 26 June – four working days later. This doesn't seem unreasonable to me. Prudential say they aim to attend to things like this within five working days, so it's within their usual timescales. I don't think it's fair to have expected Prudential to review the paperwork as soon as it arrived – they are a large organisation with multiple departments and things take time to get into the system. I think four days is reasonable.

Having considered the notes pulled from Prudential's systems, I can see there was some action taken on the morning of Tuesday 26 June – between 6:19 and 6:30am. Prudential say this is when they found Mrs B had failed the security checks and a letter was generated requesting additional identification documentation. I appreciate that the IFA also called Prudential later that day for an update, and so it may have seemed as though Prudential didn't do anything until they were chased. But I can assure the trustees that there was action taken that morning by Prudential and there is a timestamp of 6:19am on the verification check which failed on Mrs B, so I don't think they fell short here or solely relied on the IFA to get things moving – instead, the fact that the IFA called on the same day was a coincidence.

The trustees say the price they ought to have received on surrender should be that of the day when instructions were received – being Thursday 21 June. I've had a look at the withdrawal form to see what Prudential's normal practice is. Under Section 4, amongst other things, it says "*[i]f we receive all the relevant completed paperwork by mid-day on a working day, we'll normally process it at the price determined later that day; if we receive it after mid-day, we'll normally process it at the price determined on the next working day.*" It sounds as though the trustees did complete all the relevant paperwork – but the problem here was that Prudential couldn't go ahead and meet the prices of Thursday 21 June if its security policy wasn't adhered to. The withdrawal form explained that Prudential would need to verify identity and suggested sending the documents with the form to speed up the process. So I think it was fair for Prudential to apply the prices of Wednesday 27 June as that's when they had everything they needed.

Although the withdrawal may have been directed back to the source bank account, and a previous surrender might have gone through in 2016, I don't think Prudential made a mistake in verifying Mrs B again. While they will have some identification documentation on file for Mrs B, they have a security policy to follow and it failed in this instance. Asking for additional documentation ensured the application wasn't fraudulent – had Prudential relied on previously submitted paperwork as the trustees suggest, this wouldn't have verified in this instance the right people had given authority to surrender. So I don't think Prudential's request to confirm Mrs B's identity was unfounded or unnecessary here.

It is unfortunate that the bond value fell within the week the withdrawal was processed, but I don't find Prudential responsible for this as from what I have seen, they acted reasonably. The bond remained invested and exposed to the underlying assets which continued to fluctuate – just as the value fell, it could too have risen. So this is just unfortunate timing.

my final decision

My final decision is that I'm not upholding the complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B, Mrs S and Mr B to accept or reject my decision before 15 September 2019.

Aimee Stanton
ombudsman