

## **complaint**

Mr A complains about an 'adviser charge' that was not refunded to him by The Prudential Assurance Company Limited when he cancelled an investment plan within 30 days of it starting.

## **background**

Prior to cancelling the plan Mr A called Prudential to find out how much of his investment he would receive back. The member of staff he spoke to explained that he would receive the whole amount he had committed, £51,500, which included a £1500 'set-up adviser charge'. Unfortunately this was incorrect. The terms of the plan were such that within 30 days Mr A would be refunded all his investment, but *not* the adviser fee.

Unhappy with having been misinformed Mr A complained to Prudential, which explained that while he had received back the correct amount, in line with the plan terms, it was clear that a mistake had been made. So it offered Mr A £100 for the inconvenience this would have caused. Mr A didn't accept the offer and referred his complaint to this service.

An adjudicator considered the complaint. He noted Prudential's error but was of the view that even if the business had notified Mr A of the correct situation with the adviser fee he would have still encashed the plan as he had required the funds.

Mr A responded to the adjudicator and indicated that, upon reflection, it was the case that he could have raised the required funds by other means. Therefore, correctly informed he would have retained the investment and therefore avoided incurring the charge. He also raised concerns that the product literature didn't make it clear that should the investment be cancelled within 30 days the charge would still apply.

As no agreement could be reached the complaint was referred to me to review.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Prudential has acknowledged it made a mistake when Mr A sought guidance on cancelling his plan. As such, the issue I must decide here is what would be fair compensation for this.

Prudential has offered £100 to Mr A but he is of the view that that is insufficient. He feels that if Prudential had not made its mistake he would have been correctly informed and aware of the consequences of cancelling. He would therefore have acted to avoid incurring the charge by keeping the plan and obtaining the money he required from elsewhere.

I note that when the adjudicator initially asked Mr A what he would have done if he had been correctly informed he responded that he would have gone ahead in any event as he needed the money to give to a member of his family. However, later, on reflection, he said that in answering the adjudicator's question he hadn't taken into account that he had other options for finding the money.

I have considered this carefully. I appreciate what Mr A has said and I can see that he may have thought that, as the investment plan was so new, it might be possible to cancel it without penalty of any sort, so it was potentially a good source of the funds he needed.

But the fact that Mr A was happy to consider cancelling the plan so soon after choosing to start it (the application form was dated 29 January 2014, the cancellation request less than a week later on 4 February 2014) suggests to me that his other options were unlikely to have been significantly more straightforward or cheaper. Had they been so, I cannot see why he wouldn't have opted for them rather than cancelling the new plan.

So, in short, I'm of the view that, on balance, it is more likely than not that if Mr A had been correctly informed he would still have cancelled the plan and incurred the charge.

In respect of the issues of clarity Mr A has raised I note that the 'Key Features of the Prudential Investment Plan' document deals with cancellation on page 13. Here it sets out that if you decide to cancel your plan the refund will not include any set-up adviser charge that has been paid to the adviser, only the amount invested. So, I'm satisfied that, despite its error, Prudential acted correctly in not refunding the charge.

This being so, I consider the £100 it has offered to pay to Mr A is fair and reasonable in all the circumstances of the complaint.

**my final decision**

For the reasons given, my final decision is that I do not uphold the complaint. I simply leave Mr A to accept The Prudential Assurance Company Limited's offer should he now wish to do so.

James Harris  
**ombudsman**