

## **complaint**

Mrs B has complained about The Prudential Assurance Company Limited's decision to decline to refund the premiums she has paid for an income protection policy since moving abroad in 2005.

## **background**

Mrs B took the policy out in 1999. It provided a monthly benefit if she was unable to work because of an injury or illness.

In 2005, Mrs B relocated abroad and advised Prudential of her new address. Following a review of her finances in 2014 she approached Prudential regarding the cover provided by the policy. She wanted to know how her benefit would be calculated in the event of a claim. It was then identified that as she resided outside the geographical limits of the policy she would not be eligible for any benefit.

Mrs B complained but Prudential did not uphold her complaint. It said that while it was aware that Mrs B was living abroad it did not know how long she intended to remain overseas. It maintained that Mrs B's residential status did not mean that the policy was invalid and noted that life cover would always have been provided.

Mrs B was unhappy with this outcome and referred the matter to this service. Our adjudicator recommended her complaint should be upheld and that Mrs B should be given a refund of the premiums she paid from the date she left the UK.

Prudential did not accept the adjudicator's recommendation. It felt that there was no evidence to show that Mrs B was intending to remain overseas indefinitely and its records showed that she had retained an address in the UK. It also believed that given Mrs B's occupation she would have had a higher degree of understanding of product terms and conditions.

In view of the continued disagreement, the matter has been passed to me for determination.

## **my findings**

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

It is not disputed that Mrs B was ineligible for income protection benefit whilst she was living abroad. However Prudential has said that it was unaware that this was a permanent arrangement and that Mrs B could have returned to the UK. This is true, but the fact is that she didn't. This being so I am satisfied that Prudential was receiving a payment for a risk that it was not in fact running. I accept that the policy did offer life cover, but having reviewed the recent schedule, I am satisfied that the amount of life cover was nominal. This was primarily an income protection policy.

I agree that given Mrs B's occupation Prudential might fairly have assumed that she would have read her policy document and been aware of its limitations. However, it is apparent that she did not do this. Neither, it seems, was the limitation drawn to her attention by her financial adviser. I am satisfied that when she called to check what benefit would be payable to her if she claimed, she was made aware for the first time that the policy would not protect

her income abroad. In these circumstances I think it is fair and reasonable for Prudential to return the premiums that Mrs B paid from the time she moved abroad. In order that it can do so, Mrs B will need to provide evidence to Prudential show the exact date of her move.

**my final decision**

My final decision is that I uphold this complaint. I require The Prudential Assurance Company Limited to refund Mrs B the premiums paid for her policy from the time she moved abroad. Interest should be added at the rate of 8% simple per year for each premium paid, from the date it was paid by Mrs B to the date of settlement.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs B to accept or reject my decision before 6 July 2015.

Lindsey Woloski  
**ombudsman**