

summary of complaint

Mr D complains that Prudential Assurance Company Limited made a mistake in how it went about collecting the direct debit payments for his endowment policy. Further he complains it compounded its mistake by not updating his address as it should have. He says that as a result he stopped making payments to his endowment policy. But he did not realise this had happened because Prudential wrote to the wrong address. He complains he lost money when the policy matured. He wants Prudential to compensate him for this.

our initial conclusions

Our adjudicator concluded that on balance Prudential did make mistakes in both how it asked for the payments and in not changing Mr D's address. He concluded that on this basis it should pay Mr D £2,717.14 to compensate him for this.

Prudential disagreed. It said, in summary, that it did not make a mistake; it was Mr D's original bank who were at fault. It says the original bank must have merged the direct debits under one reference. It said in any event Mr D should have noticed that his direct debits were not coming out of his account. Finally it said Mr D may have sent it letters telling it he had moved but it never received them.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where necessary and/or appropriate, I reach my decision on the balance of probabilities - in other words, what I consider is most likely to have happened in the light of the evidence that is available and the wider surrounding circumstances.

Mr D tells us his problems all began when he closed his original current account and transferred it to a new bank. He says that the endowment policy direct debit was not transferred as it should have been. He says that Prudential should have told him there was a problem by contacting him at his new address. He tells us that he did let Prudential know that he had moved but it did not update its records. So he says he had no idea that the payments were not being made.

Prudential's response is that it did send the correct instructions to the original bank. It says it sent two sets of direct debit instructions to the original bank one for Mr D and one for a third party.

It says because Mr D and the third party were connected it is likely that the bank merged the direct debits under one reference. It says it could not have controlled this and as far as it was aware everything had been set up correctly as it received two monthly payments all the time that Mr D held his account with the original bank. But it says its understanding is that the original bank only told the new bank about one direct debit and that is how the problem came about. It says it did not receive any letters from Mr D about his change of address. It says it knows Mr D says he wrote to them on three separate occasions. But it does not accept that he did because it is unlikely that it would have lost his letter on three separate occasions.

The original bank has sent us information about the instructions it originally received from Prudential when it set up the direct debit and the actions it took as a result. On balance

I consider that the original bank would have set up two direct debits if it had been asked to. It also tells us it is not its policy to merge direct debit references as Prudential suggests. Taking this into account as well as the rest of the information I have seen I consider it was more likely than not that Prudential did make a mistake when it sent the direct debit instructions to the original bank. It follows that I consider that it, not the original bank, was responsible for the mistake.

That said, normally I would consider that a consumer has a responsibility to check that their direct debits are being paid as they would expect in the circumstances. But taking into account the nature of Mr D's employment I can see that in his particular case there were exceptional reasons why he was not able to do this during the relevant period.

Mr D has not been able to send us copies of the letters he says he sent to Prudential telling it about his change of address. But I see that Prudential did change the address of the third party who is connected to Mr D. Mr D says that he wrote to Prudential at the same time as the third party did. For these reasons I consider it is more likely than not that Mr D did write to it. It follows that I conclude Prudential ought reasonably to have updated his address and it made a mistake by not doing so.

On balance, I conclude that it is fair and reasonable for Prudential to pay Mr D half of his loss that is £2,717.14 as a third party has already offered to pay the other half of the loss.

my final decision

My final decision is that Prudential Assurance Company Limited should pay Mr D:

- £2,717.14 to compensate him for the loss he experienced when his endowment policy matured.
- Interest on the £2,717.14 at 8% gross simple from the date the endowment policy matured to the date of settlement.

If Prudential believes it is legally obliged to deduct tax from the interest then it must issue a tax deduction certificate, so that Mr D can reclaim the tax from HMRC if appropriate.

Joyce Gordon
ombudsman