

complaint

Miss T is being represented by her grandmother, Mrs E. Her complaint about The Prudential Assurance Company Limited concerns the sale of a savings plan taken out by Mrs E for her granddaughter's benefit. Mrs E says she believed the policy would mature after 15 years, but has since discovered it is open-ended and does not have a specific maturity date.

background

Mrs E took out the savings policy for the benefit of Miss T in 1996. The policy is open-ended and once she reached the age of 16, Miss T became the owner. Although she was ultimately responsible for paying premiums from this date, I understand these have been paid by Mrs E.

Our adjudicator did not recommend the complaint be upheld. She believed the explanatory policy literature set out that the policy is open-ended and noted that the application form referred to an 'anticipated' term of 15 years.

Mrs E disagreed, saying she wanted a policy with a set term of 15 years and that is what she thought she had taken. She referred to the fact that she had previously taken 15-year policies for her own children and other grandchild as evidence of her intentions. Mrs E was also concerned that it is unreasonable to expect Miss T to start paying the premiums at the age of only 16.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I agree with the adjudicator's conclusions for much the same reasons.

I have taken full account of Mrs E's comments about how she understood the policy would work. But I must consider all of the evidence in assessing this complaint, including the explanatory documentation Prudential says was provided explaining the policy was not set up for a specific term. On their own and without additional supporting evidence, I do not believe Mrs E's comments are sufficient for me to conclude she was misled about how the policy would work.

This notwithstanding, Mrs E did receive advice and the adviser had a responsibility to make sure any policy recommended was suitable for her circumstances and requirements. There does not seem to be any dispute that Mrs E wished to save for the benefit of Miss T and I have no doubt she planned to save for a term of 15 years as she had with previous policies.

Prudential has told us that it did not offer a savings plan with a set term of 15 years at the time this policy was sold. Instead, the recommended policy is open-ended, with the benefits available at any time. This means the benefits could have been taken at the 15-year point if Mrs E had cashed it at that time. As a result, I am satisfied the policy was consistent with her requirements. The fact that benefits did not have to be taken on a specific date meant the policy could accommodate any change in Miss T or Mrs E's requirements, allowing them to take payment early or delay it if they wished. This additional flexibility could actually be seen as an advantage of this particular policy over one with a specific term.

I do appreciate Mrs E's concerns about her granddaughter becoming responsible for premium payments at such an early age, although I understand Mrs E has continued to make payments in this case. But in any event, the policy could have been encashed after 15 years if Mrs E had requested this, meaning neither she nor Miss T would have needed to pay any further premiums.

In conclusion, I do not believe there is sufficient evidence Mrs E was misled about how the policy would work. Nonetheless, I do believe the policy was consistent with her requirement for a long-term savings plan from which benefits would be available after 15 years.

my final decision

My final decision is that I do not uphold this complaint or make any award.

Jim Biles
ombudsman