

complaint

Mr K is unhappy with the maturity value of his mortgage endowment policy with The Prudential Assurance Company Limited. He says the underlying fund grew by 10% in the last few years of the policy term, yet his policy only grew by 4% over that period.

background

The adjudicator who considered this complaint did not recommend that it should be upheld.

She explained that the policy was an investment and the rate at which the fund grew could be higher than the growth of the policy itself, as charges and smoothing still needed to be applied.

Mr K disagreed and asked for an ombudsman's review. He wanted to know why he had not benefitted from the additional 6% growth.

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 have reached the same conclusions as the adjudicator and for essentially the same reasons. I do not uphold this complaint.

I can only uphold a complaint when I can safely do so where a business has got something wrong. In this case, a set of very complex decisions have been made about a number of matters. Those matters include (but are not limited to) investment decisions, bonus rates, mortality charges and costs. The decisions made will have been based on complex models and calculations.

I note that Mr K would like to know what has happened to the 'missing 6%'. He would like to understand why there is a difference between the returns achieved on the with-profits fund itself and the returns on his policy.

As the adjudicator explained, the returns on the fund itself are calculated prior to deductions that are made. This service is not the place for arguments on what Mr K feels he is entitled to. These issues and matters relating to the day to day organisation of the business and the structure and management of the with-profits fund, including actuarial input, fall within the commercial discretion of the business.

Policies like Mr K's have been said to be complex and there is sometimes a lack of transparency which has been widely commented on. But there is nothing I can do about that.

I cannot require Prudential to provide more information on commercial decisions it has made or to justify them and there is no regulatory requirement for it to do so.

I do appreciate that this policy may not have performed as well as Mr K (or Prudential) hoped or expected. But it is an investment and its performance was not guaranteed. Overall, I can only uphold a complaint where the business has got something wrong and I do not think that it has in this case.

my final decision

For these reasons and those given by the adjudicator, my final decision is that I do not uphold Mr K's complaint and I make no award against Prudential Assurance Company Limited.

Keith Taylor
ombudsman