

complaint

Mr and Mrs F complain that The Prudential Assurance Company Limited (“Prudential”) is responsible for the late payment of the proceeds of their mortgage endowment policy at maturity.

Mr and Mrs F say they have lost out financially as a result of the delay in payment to their lender. They would like the business to compensate them for this.

background

The policy matured in July 2013. There was correspondence between Prudential and Mr and Mrs F’s previous lender about the need for a “letter of no further interest” so that Prudential could pay the proceeds to Mr and Mrs F’s subsequent lender. Ultimately the proceeds were paid late and so Mr and Mrs F had to pay additional interest charges to their lender.

Mr and Mrs F complained to Prudential and their previous lender but neither accepted that it was responsible for the delay. So, the complaint was referred to our service where it was considered by an adjudicator.

The adjudicator considered that both Prudential and the previous lender were responsible for the events that led to the delay in the maturity proceeds being paid out. He said that each business should pay half of the compensation that he thought Mr and Mrs F were entitled to.

Prudential disagreed and asked that an ombudsman consider the case. I did so and issued a provisional decision, in which I said I was not minded to uphold the complaint.

I said I did not think it was ultimately Prudential’s responsibility to resolve the issue of the policy assignment. It seemed to me that, when Mr and Mrs F changed their lender, this matter should have been sorted out at that time – ie the previous lender should have informed Prudential that it no longer had an interest in the policy and the relevant systems should have been updated. There is no regulatory requirement for policy providers to keep policyholders informed about any assignments. Assignments can be seen primarily as a matter between the policyholder and the assignee – in this case Mr and Mrs F’s previous lender. I said that, as the business had explained, it is possible for more than one party to have a legal interest in a policy.

I said I could see from the file that Prudential wrote to Mr and Mrs F’s previous lender in good time ahead of maturity seeking confirmation that it had no interest in the policy. It also wrote to Mr and Mrs F to tell them it was awaiting this confirmation from their previous lender. The letter invited Mr and Mrs F to send in the reassignment deed, if they had it. Prudential has said that it also wrote to Mr and Mrs F’s “new” lender ahead of maturity, explaining that it was waiting to hear from the previous lender and suggesting that the “new” lender provided assistance with chasing this up.

In the circumstances I considered on balance that Prudential acted reasonably, taking into account that an assignment is primarily a matter between the policyholder and the assignee. Whilst I said I could see that it would have been helpful if Prudential had sent a reminder to the previous lender ahead of maturity, I did not consider that it was clearly wrong not to have done so.

Prudential agreed with the conclusions I reached in my provisional decision and said it had nothing further to add. Mr and Mrs F did not agree. They explained they had made their complaint “primarily to redress the failings in the system” that led to them not being informed of the historic policy assignment. Mr and Mrs F commented that they had thought one of the responsibilities of our service was to ensure that current and new policy holders are protected from administrative errors.

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 am not minded to depart from the conclusions I reached in my provisional decision.

I should explain that the role of our service is to resolve individual complaints informally. It is not for me to challenge a business on its day-to-day decision making or its wider approach. That is the role of the regulator, the Financial Conduct Authority.

So, when considering Mr and Mrs F’s complaint I just had to decide whether Prudential had done anything wrong in the specific circumstances. For the reasons I explained above I did not find that it had done so.

I do appreciate Mr and Mrs F’s point that it would be helpful if Prudential regularly provided details of the policy assignments it has on file for each policy as a matter of good customer service, and it may wish to consider this. However, as I have explained, there is no such regulatory requirement for Prudential to do this, and I do not think it was clearly wrong not to do so in the circumstances of this case.

my final decision

For the reasons given above my final decision is that I do not uphold this complaint.

Kirsten Smart
ombudsman