

## **complaint**

Mrs G has complained to The Prudential Assurance Company Limited about advice she says that it gave her in 1990 to take out an endowment policy. She complains that Prudential told her that the policy proceeds at maturity would exceed the target amount.

Mrs G has also complained about the performance of the policy and feels that Prudential has mis-managed her investment.

Mrs G has also expressed dissatisfaction that Prudential did not tell her about the option to increase the premiums to her plan. When Mrs G tried to increase the premiums it said that any alteration to the policy must be made ten years before the maturity date in order for it to remain qualifying for tax purposes. Prudential has not agreed to Mrs G's request to increase the premium as the plan is set to mature in two years.

## **background**

Prudential did not uphold the complaint. It said that an independent financial adviser is responsible for the advice that Mrs G received to take out the endowment policy. Mrs G says that she received advice in a Scottish Amicable branch and considers that Prudential should answer her mis-selling complaint.

Prudential has addressed Mrs G's concerns about the performance of the policy, explaining that investment returns have fallen substantially since Mrs G took out the policy. It said that it had written to Mrs G since 2002 telling her that there was a high risk of a shortfall at maturity.

Mrs G referred her complaint to us. The adjudicator who looked at the complaint did not think that it should be upheld. He did not think that Prudential was responsible for the advice that Mrs G received and was unable to agree that Prudential had mismanaged the plan.

Mrs G did not agree and so the complaint has been referred to me for a final decision.

## **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 conclusion as the adjudicator and for essentially the same reasons. I do not uphold this complaint.

I am not satisfied that Prudential (Scottish Amicable at the time) gave the advice to start the policy. The sale was more than twenty years ago and so it is not surprising that there may be some lack of clarity about precisely what happened. But the documents from the time of sale do clearly record that an independent financial adviser gave the advice and submitted the application. It is quite possible that the advice was given in a branch of Scottish Amicable but this does not necessarily mean that it was given by a member of staff and not an independent adviser. I think the note Mrs G refers to which she says records her attending the branch is actually more likely to be a record of a telephone call from the adviser to Scottish Amicable about the policy arrangements. It refers to Mrs G in the third person as the "life" and records her wish to pay the premium annually.

I must consider all of the evidence and attach appropriate weight to it. Having done so, I am not satisfied, on balance, that Prudential is responsible for the advice given to start the policy. The documentary evidence suggests that another business gave the advice and I

have no reason to conclude that there was some sort of collusion to wrongly record the advice as given by a “tame” adviser.

There is little that I can add to what the adjudicator has said about the performance of the policy. At the time of sale the policy would have been considered a relatively safe and reliable method of repaying a mortgage loan. Policies like this had been doing well for many years and were expected to continue to do so but investment and economic conditions have not been as favourable as was expected. And many policies like this, with many different providers, have fallen, or are expected to fall, short of their targets.

The fact the policy has not performed well is not in itself a reason for me to uphold the complaint. The policy was an investment and some investments do well and others do not, that is the nature of investment. Managing a fund requires many subjective decisions to be made, just because these may not always have the desired outcome does not mean that they were wrong or that there has been some negligence.

This service does not normally consider complaints that relate purely to investment performance and the rules that apply do allow me to dismiss a complaint about performance without considering the merits of it.

Finally, I note Mrs G’s disappointment that she cannot change her premiums as she wishes without the policy losing its tax qualifying status. But this is due to the tax regulations that apply to policies like this as opposed to anything Prudential has decided. There is no requirement that it should have warned of the approach of the final ten years of the policy as if there were a deadline to make any changes and this is not usual practise for any policy provider in my experience (I can see that this is a thirty year policy as Mrs G says and not a more typical twenty-five year term).

Mrs G may also wish to take some independent advice, if she has not already done so, about addressing the shortfall as increasing the premiums may not be the most suitable method of doing so in any event.

Policies like this are not the most transparent investment and I can understand why Mrs G may be frustrated, both with its performance and the restrictions on what she can do to address the shortfall. But I do not uphold the complaint as I do not consider that Prudential has done anything wrong in this case.

**my final decision**

I do not uphold this complaint.

Keith Taylor  
**ombudsman**