

complaint

Mr H is unhappy that The Prudential Assurance Company Limited can't provide him with a breakdown of the charges he he's paid on his with profits bond since its inception.

background

Mr H wrote to Prudential to ask for a breakdown of all the charges he has paid on his Prudence with profits bond, and for its anticipated future charging policy.

Prudential provided Mr H with a valuation of his bond and an explanation of the charges associated with the product plus a leaflet to explain how the "market value reduction" works.

Unhappy with its response, Mr H made a Subject Access Request (SAR) to Prudential asking for details of all the charges he has paid. (This also included a complaint about the handling of his personal data, which doesn't form part of his complaint to this service).

Prudential responded to the SAR providing some information, but said it wasn't possible to provide the level of detail he'd asked for. There was protracted correspondence between Mr H and Prudential including to its chief executive's office, but it was unable to assist him further.

Mr H didn't think this was good enough so he complained to this service, saying Prudential was failing to abide by the Financial Conduct Authority's guidance in relation to transparency.

Our investigator originally referred Mr H to the Office of the Information Commissioner (ICO) which deals with complaints relating to data protection. Mr H said his complaint wasn't about the response to his SAR, but Prudential's failure to provide him with details of his charges.

Having looked at the information Prudential provided to Mr H, our investigator didn't think it had done anything wrong. Mr H is still unhappy so it's come to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, while I see where Mr H is coming from, I agree with our investigator. Let me explain why.

In November 1996 Mr H applied for a Prudential Prudence Bond via an independent financial advisor firm I'll call P. During 1997 and 2001 he purchased additional policies to add to his Prudence Bond, paying the extra premium on each occasion.

The Prudence Bond product is described as a single premium, non-qualifying, whole of life assurance contract designed for medium-long term capital growth. Capital growth is by way of annual bonuses. And a "market value adjustment" (MVA) can be applied if funds are withdrawn from the bond. I've seen copies of the application forms the IFA completed on Mr H's behalf and the statements of additional premium payment it sent Mr H on each occasion. But not the key features document or the policy document referred to in the application form. So I can't be sure what Mr H was originally told about the charges he would have to pay.

I've seen a letter from Prudential to Mr H from November 1996 giving details of his plan. It provides details of potential investment returns assuming growth of 4%, 6% and 8% followed by a table illustrating performance over time with deductions, and what the policy holder might get back at each point. It explains the deductions by saying "deductions include commission, expenses, charges, any surrender penalties and other adjustments". And "the table shows that over the term the effect of the total deductions could amount to £1,150" or to put it another way "would have the same effect as bringing the investment growth used from 6% a year down to 4.6% at the end of year 10".

So I can see Mr H was given an indication that the product required him to pay charges which would have the effect of reducing the growth rate of his investment, but not a firm indication of the actual charges. And as well as the value of the policies, the annual statements say the annual management charge (AMC) is 1% and the regular bonus is 1.5% a year, but doesn't state how much the AMC has been or is likely to be in the future. So I can understand why he was interested in knowing exactly how much he's been charged, and the resultant impact on his investment growth.

Prudential explain that funds invested in the plan are pooled and the AMC is calculated on the overall fund value, not apportioned to each individual policy. Charges payable depend on the performance of the fund, and are deducted from the bonus so are not detailed on the statement. So Mr H only knows the net amount of his bonus, once the charge has been taken, not how much he's actually been charged. And although it hasn't explained its future charging "policy", he has been told the percentage charge and that it will be deducted from any bonus.

So while I understand why Mr H wants this information our role is not to compel Prudential to provide it if it says it can't. It's not our role to tell firms how they should run their business or dictate the information they should provide to their customers. I just need to look at the circumstances of Mr H's complaint and decide if Prudential has treated him fairly and reasonably. And I think it has, as it provided him with the same level of information as it provides to all its customers. And I don't think it failed to provide information which it said it would.

Prudential told Mr H it had given him with a leaflet to explain the how the MVA would be calculated. An MVA only applies when monies are withdrawn from the fund, so the leaflet explains how this would be done. But it didn't make clear to Mr H that the MVA explanation was within the key facts brochure relating to its Flexible Retirement Plan (FRP) as there isn't a separate MVA leaflet. Our investigator clarified this for Mr H and apologised on Prudential's behalf. So while this was confusing to Mr H I don't think it caused him any detriment. He hasn't made any withdrawals so hasn't been charged an MVA.

I appreciate Mr H isn't happy with the service provided by Prudential. But for the reasons above I can't say it has done anything wrong.

my final decision

My final decision is I don't uphold this complaint and won't ask The Prudential Assurance Company Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 February 2018.

Sarah Milne
ombudsman