

complaint

Mr R complains The Prudential Assurance Company Limited failed to offer him appropriate compensation after sending his £40,000 endowment maturity cheque to his old address where it was opened by a stranger, breaching his data protection rights.

background

In Mr R's complaint letter outlined that he had left his previous address due to various issues with the neighbours which had caused him fear and distress. He was now very upset that this letter, sent to the wrong address, had been opened; thereby making unknown numbers of people in the village aware he had just received £40,000.

He said he had written to the Pru about his change of address more than a year before and received two letters at his new home since then so there was no excuse for sending this cheque to an old address.

The Pru offered to pay him £25 in lieu of the delay in receiving his maturity pay-out, given that it had taken nine days to issue a new cheque after being informed of what had happened. It also offered him £50 for the trouble and upset this had caused him.

Mr R did not accept this and brought his complaint to this service.

An adjudicator felt his complaint should be upheld. Firstly, she said the Pru should pay 8% simple interest on the maturity sum to cover the eight days' delay between when he would've got the first cheque, if properly addressed, and when he got the replacement one.

She also thought that the Pru should pay an additional £200 compensation in lieu of the trouble and upset this had caused Mr R, taking account of his particular circumstances.

The Pru did not agree to either suggestion. It objected to the 8% interest, saying the £25 was a rounded-up figure and didn't represent his actual loss of interest over the nine days. It also felt 8% was an excessive rate of interest given the shortness of the time in question.

It also didn't believe it should increase its proposed offer of £50 for trouble and upset as it didn't believe it had breached Mr R's confidentiality rights given the envelope was addressed 'Private and Confidential'; it couldn't be held responsible if someone wrongly opened this letter.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In this case I agree with the adjudicator and for the same reasons.

I am extremely surprised that the Pru has sought to claim it did not breach Mr R's confidentiality rights by sending his £40,000 cheque to a stranger's address, implying that by putting 'Private and Confidential' this somehow absolves it of any responsibility under the Data Protection Act.

That said, it is not my role to adjudicate on breaches of this act but to consider whether a business has acted fairly and reasonably and, if not, what would be appropriate compensation. In this case, taking account of Mr R's situation, I think that the Pru's offer of a £50 trouble and upset payment was completely inadequate, and totally failed to reflect the clear and significant trouble and upset its mistake caused.

I understand why the adjudicator recommended £250, including the £50 already offered, as a means of settling this dispute informally but in the circumstances I believe this is not sufficient.

It is important to explain that any trouble and upset is designed to compensate a consumer for their particular upset and inconvenience given the specifics of their situation. Mr R has explained in detail why this error caused him so much worry and upset, and the fact that this involved a cheque for £40,000 must also be taken into account when considering his likely distress. I am satisfied that a more appropriate sum to reflect these factors is £400 including the £50 already offered.

In reaching this conclusion I have fully considered the Pru's submissions on this issue.

I also agree that the Pru should pay Mr R 8% simple interest for the nine day period in which he was deprived of this money – for the same reasons as those outlined by the adjudicator. This interest rate reflects the many reasons why Mr R may have suffered as a result of being deprived of this money for the time concerned. This is instead of the £25 previously offered.

my final decision

I uphold this complaint and instruct The Prudential Assurance Company Limited to pay £400 trouble and upset compensation plus the appropriate interest as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 10 November 2017.

Tony Moss
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