

complaint

Mr and Mrs A's complaint to The Prudential Assurance Company Limited is about their mortgage endowment policy. They say it has not performed well and they face a shortfall. They also say that the process of smoothing and the acquisition of this fund by Prudential has contributed to the poor performance.

our initial conclusions

Prudential rejected the complaint. It explained how the policy worked and that its returns were linked to the stock market. It said that growth rates over recent years have not been as expected in 1988 when the policy was sold.

The complaint was considered by one of our adjudicators but she did not uphold it. She explained that the policy had no guarantees and that returns were dependent on investment performance. She also explained that this service did not normally consider complaints which related to investment performance.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Mr and Mrs A and Prudential have provided. Having done so, I have reached the same conclusion as the adjudicator and for the same reasons. I do not uphold this complaint. As the adjudicator has said, the performance of the policy depends on investment growth and returns in recent years have not been as expected. This is true of many policies and not just Prudential's. With-profits policies like this one have been described as being opaque and lacking transparency and I can understand Mr and Mrs A's frustration when some of the detail about the policy and its performance that they seek is not made available. However, I can only uphold a complaint where a business has got something wrong. Poor performance is not in itself evidence of mismanagement and I have seen no evidence that Prudential have got anything wrong in the way it has managed this policy.

My final decision is that I do not uphold this complaint about The Prudential Assurance Company Limited

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs A either to accept or reject my decision before 22 November 2013.

Keith Taylor

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

The process of smoothing has been explained. Its application is a matter for the business and is within its commercial discretion. It is not a process or decision that I can interfere with.

The adjudicator has explained that this service does not normally consider complaints which relate purely to investment performance. Prudential did not sell this policy and I appreciate that Mr and Mrs A have complained separately about the sale.

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer should sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.