

## **complaint**

Ms R has complained at the time it took for The Prudential Assurance Company Limited ("Prudential") to process her request to surrender an endowment policy in November 2012. She has stated that an elapsed time of three months until the surrender cheque 'cleared' her bank account on 19 February 2013 was unacceptable.

Also, as she is resident in the United States (US) and the surrender payment was made in pounds sterling to her US bank account, she incurred exchange rate costs when the amount 'cleared' her account in US dollars.

Ms R has also complained that she was not informed of the options available to her on surrender.

She has requested confirmation of an acceptable 'turnround' time to process a policy surrender and who would have been responsible for keeping her informed of options and information on the policy.

In the meantime, Ms R has claimed a loss in funds equivalent to \$3,000 due to the delay in receiving the surrender payment and the currency conversion from pounds sterling to US dollars.

## **background**

Ms R's complaint was investigated by one of our adjudicators, who concluded that Prudential had processed her surrender request within an acceptable timescale in the circumstances.

He did, however, acknowledge that it had failed to respond in a timely manner to some queries raised by Ms R during this process in January 2013 and recommended that it should offer her £100 for these shortcomings in its communication with her.

The adjudicator explained that Prudential had stated that it aimed to process surrender requests within five working days. However, this was not always possible if all its requirements had not been met. The circumstances of Ms R's request were not usual in that she resided in the US and her dealings with Prudential over the matter came through her adviser, who was based in the UK.

Accordingly, documentation that passed between Ms R and Prudential took longer than usual as it was required to be sent through secure means, rather than by email or in any other electronic form. Also, as Ms R requested the surrender proceeds to be paid into her US bank account, and not to the bank account which funded the policy premiums, Prudential needed to satisfy itself that it was communicating with, and sending the proceeds to, the person who was entitled to the money.

While it is evident that Prudential did not issue the surrender cheque for approximately four weeks since the surrender forms were received from Ms R, the adjudicator did not consider that this delay was unreasonable or avoidable because Prudential was entitled to satisfy itself as to Ms R's identity before making payment.

As such, he considered that Prudential's offer to Ms R of £100 for the distress and inconvenience caused by the shortcomings in its communications with her was fair and reasonable.

Prudential responded to state that it accepted the adjudicator's opinion and had no further comment to make.

In reply, Ms R did not accept the adjudicator's assessment and said that:

- the adjudicator had not addressed her point as to who is responsible for keeping her informed of the options under the policy at surrender or providing information on changes to her policy;
- she had requested a bank transfer of the surrender proceeds to her account in the US and did not expect a cheque to be issued which took longer to 'clear'. Prudential received her surrender instructions until 27 December 2012 and she finds it unacceptable that the cheque did not reach her US bank account until 31 January 2013;
- while she accepted that Prudential was entitled to verify her identity, details of her US bank account were included on the surrender form and had been provided by her adviser beforehand, so Prudential could have specifically requested a copy of her bank statement immediately after it received the surrender request form;

Additionally, her adviser representative has said that:

- Prudential confirmed that it received all documentation necessary to surrender the policy on the 27 December 2012 and advised during a telephone conversation on the 7 January 2013 that a transfer would be made in two-to-three days;
- On 11 January 2013, Prudential called him and apologised for giving incorrect information - it erroneously thought payment was being made to a UK bank account even though details of her US bank account appeared on the surrender form. It, therefore, requested verification of this account by way of a recent and original bank statement which could have been requested in December 2012;
- He had been advised that settlement would be made electronically and it only became evident that payment was being made by cheque when Ms R's bank notified her that a cheque made out in pounds sterling arrived on 29 January 2013, which eventually 'cleared' on 13 February 2013. When contacting Prudential on 31 January 2013, he was told that the policy terms and conditions only permitted surrenders in the form of sterling cheques;
- This misinformation contributed to the delays in the surrender of this policy which has caused Ms R a financial loss.

As the adjudicator was not inclined to change his view, no agreement has been reached in this complaint and it has been referred to me for review.

### **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

It is important to emphasise that, in this decision, I have considered whether any avoidable delays occurred in Ms R's, or her adviser's, dealings with Prudential over her surrender request and, if so, whether they have caused her financial loss. I cannot attribute to Prudential responsibility for any delays that occurred in correspondence between Ms R and her adviser in meeting Prudential's requirements for the surrender request to be processed.

With regard to Ms R's complaint that she was not advised about the options available to her under the policy at the time, it is not clear whether, by this, she means alternatives to surrendering the policy that might have been available to her at the time or the options open to her to reinvest the surrender proceeds.

Either way, it would generally be the responsibility of her financial adviser to inform her of these options available to her under the terms of the policy when she wished to cease premium payments in November 2012. Prudential would have been able to provide her factual information on the options under the policy's terms and conditions if Ms R had asked it to do so. However, it would not have been authorised to provide her advice on which option(s) might have suited her circumstances at the time.

The evidence that exists of Ms R's dealings with Prudential on this matter confirms that a surrender valuation quotation was sent on request to Ms R's financial adviser on 20 November 2012. He then contacted Prudential on 28 November 2012 to enquire whether it would issue a cheque direct to Ms R, who was now resident in the United States, and to confirm its requirements for the policy to be surrendered.

Accordingly, Prudential issued a revised surrender value illustration to Ms R's financial adviser, together with a surrender request form which expressly stated that payment would be made by *crossed cheque*, either to Ms R's home address or direct to her bank, details of which were requested on the form.

On 30 November 2012, Ms R's financial adviser contacted Prudential, which confirmed that it required a return of the signed claim form and proof of Ms R's current address, and that further explanation would follow in writing. Her adviser could not confirm her address in the US at this time and Prudential informed him that it would prefer to make the surrender payment to Ms R's premium paying bank account.

Prudential duly wrote to Ms R's to confirm its requirements for surrender, including two forms of identification to confirm her full name, her date of birth and current address.

While it is not certain when Ms R's returned the required documentation to Prudential, it appears to have been received by Prudential no earlier than 21 December 2012.

Prudential then wrote to Ms R at her UK address on 24 December 2012 to return the original identification documentation she provided and attempted to contact her by telephone on 3 January 2013, without success, to warn her that it had returned this documentation to her address in the UK as her US address could not be traced.

On 8 January 2013, Ms R's adviser contacted her to confirm that Prudential had received all the necessary paperwork to complete the surrender request and that it would transfer the funds to her account within two-to-three days. However, no record of any telephone conversation between her adviser and Prudential to this effect has been provided and Prudential maintains that it informed him payment would be made by cheque.

When Prudential called Ms R's adviser on 11 January 2013, he restated her address in the US, whereupon Prudential requested a bank statement from Ms R which would confirm her as the holder of the bank account quoted on the surrender form it received in December 2012. Prudential insisted that this bank statement should be sent in the post and not by email or facsimile. It was duly received by Prudential from Ms R on 17 January 2013.

In response, Ms R expressed dissatisfaction to her adviser that this bank statement could have been requested when Prudential received the completed surrender form she had returned at the end of November 2012.

Prudential then wrote to Ms R at her address in the US on 24 January 2013 to confirm that a cheque had been issued under separate cover to her US bank. Ms R says that she did not receive this letter and was notified by her bank on 29 January 2013 that it had just received the cheque which required her signature for 'clearing'.

Thereafter, as the cheque was made out in pounds sterling, Ms R incurred currency conversion costs before an amount in dollars was deposited in her bank account on 19 February 2013.

With regard to method of payment, the surrender request form issued to Ms R at outset (and the policy terms and conditions) confirmed that payment would be made by crossed cheque. I have seen no evidence which confirms that Prudential had informed Ms R, or her adviser, that payment would be made by electronic means.

Also, the policy taken out by Ms R was written under UK legislation and payment was obliged to be made in pounds sterling. I am not persuaded that Ms R could reasonably expect payment to be made in US dollars. Therefore, any delay and costs she incurred to convert the amount payable from pounds sterling to US dollars cannot be attributed to Prudential.

I do appreciate that an elapsed time of approximately one month between Prudential receiving Ms R's surrender request form and making payment does appear excessive.

However, Prudential has confirmed that its standard turnaround time for such administrative tasks is five working days. It appears that it received Ms R's surrender request around 21 December 2012 and, allowing for public holidays and weekends, attempted to contact her within time on 3 January 2013. I do accept that, having failed to make contact with her on that date, it might then have contacted her adviser immediately, rather than on 7 January 2013.

Given it is evident on the surrender form that Ms R had requested payment to be made to a US bank account, details of which she provided on the form, it then took more than two weeks for Prudential to inform her adviser that she needed to provide a bank statement to verify that this bank account belonged to her. I also note that her adviser had previously notified Prudential on 28 November 2012 that Ms R was now resident in the US and, although this does not in itself mean that Ms R would have changed her bank account to one that was based in the US, that she quoted this bank account on the surrender form ought to have alerted Prudential to request this additional information from her immediately (especially as it needed to be sent by post).

Therefore, notwithstanding that Ms R's circumstances required her to deal with Prudential through a third party adviser in the UK, after allowing for standard turnaround times and public holidays, I consider that the surrender payment of £34,924.05 was unduly delayed by one week. The adjudicator notified Prudential that I considered compensation should be due for such a delay and it requested that redress should be set out precisely.

### **my final decision**

My final decision is that I uphold Ms R's complaint.

I require The Prudential Assurance Company Limited to pay Ms R redress, if any, of 'F', where:

- A = the surrender value of Ms R's policy one week before the actual value she received of £34,924.05 was calculated;
- B = £34,924.05;
- C = A – B;
- D = interest at 8% per annum simple on 'A' for one week' i.e. from the date the surrender value could have paid to the date it was actually paid;
- E = interest at 8% per annum simple on 'C' from the date the surrender value was paid to-date;
- F = C + D + E.

If The Prudential Assurance Company Limited considers that it is legally obliged to deduct income tax from the interest, it must send a tax deduction certificate with the payment. Ms R may reclaim any tax overpaid from HM Revenue and Customs, if her circumstances permit her to do so.

In addition, it should pay her £100 it agreed with the adjudicator to pay for the shortcomings in its communications with her in January 2013. Otherwise, I make no further award.

I appreciate that this award falls substantially short of the amount Ms R is claiming. However, for the reasons given above, I do not consider that her request for a sum equivalent to \$3,000 is realistic in the circumstances.

Kim Davenport  
**ombudsman**