

complaint

Mr P complains that The Prudential Assurance Company Limited (Prudential):

- won't pay him the full amount he's due under his matured endowment policy; and
- couldn't trace his policy sooner.

background

In May 1989 Mr P took out a mortgage endowment policy. The policy was sold by a broker. It was taken out over a 25 year term and had a target value of £75,000.

In 2014 Mr P expected maturity proceeds of the policy to be paid to him. But he says Prudential wouldn't return his calls or answer his questions about his endowment. He contacted us to complain.

Prudential has now found further records about Mr P's policy. It says Mr P stopped paying premiums in 1992 and that his policy was forfeited in 1994. The forfeiture value was £2,656. Prudential says Mr P had six years from 1994 to claim this amount under the terms and conditions of the policy. But, in this case, it's willing to pay Mr P £2,656 (without interest).

Prudential also said that it didn't update Mr P's address in 2014 when it should've. As a result it's sent some letters in 2014 to an old address it held for Mr P. It offered £100 for the trouble and upset caused by this mistake.

Mr P didn't accept Prudential's offer and asked us to look into his complaint. Our adjudicator thought there wasn't evidence to show that Mr P had paid premiums to his Prudential policy since 1992. His view was that Prudential's offer to pay Mr P the forfeiture value of the policy, and £100 for the trouble and upset caused by recent problems with Mr P's address, seemed fair.

Mr P disagreed with the adjudicator's findings. He asked that an ombudsman review his complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Mr P has provided a number of documents in support of his complaint and I'm grateful for the information he's sent to us. I'd like to reassure Mr P that I've read the entire case file and taken this into account in making my decision. I know this will be a disappointment to Mr P but I agree with our adjudicator's findings. I'll explain why.

Mr P's Prudential mortgage endowment policy started in May 1989, and yet the mortgage didn't complete until November the same year. It isn't clear why Prudential didn't update Mr P's address in November 1989. I've had to decide what I think happened on the balance of probabilities. Mr P's said it would've been up to his solicitor to tell Prudential about his new address but I think this is unlikely. So I suspect Prudential weren't told Mr P had moved.

Prudential says its records show the last time the premium was paid on Mr P's policy was in 1992. It says it would have written to Mr P when the direct debit was cancelled and written again when the second, third and tenth premiums went unpaid. In 1994 the policy was forfeited in line with its terms and conditions - which have been provided by Prudential.

Even if Mr P didn't get the letters from Prudential about the missed premiums, it was his responsibility under the terms of the policy to pay the premiums in full each month. If Mr P didn't receive letters from Prudential about missed premiums, I'd expect him to have been told by his bank, and possibly charged a fee, if a direct debit was being returned unpaid. And if no payment was being sent (for example- if the direct debit had been cancelled) then I think it reasonable that Mr P might notice that premiums of around £115 weren't being paid from his account each month.

Mr P hasn't been able to provide us with evidence that he continued to pay his policy premiums after December 1992. Mr P says money was paid to his mortgage lender, and that they were paying his endowment premiums for him. This would be a very unusual arrangement. Premiums are normally paid straight to the policy provider by its customer. I don't doubt Mr P's recollection of what was to happen but there isn't any evidence that this has ever been the case.

I've concluded that Mr P stopped paying his policy premiums in 1992, and so I don't uphold the part of his complaint that Prudential won't pay him the full maturity value due under his policy. Prudential has offered to pay the forfeiture amount, without interest. I think that's reasonable in the circumstances.

Prudential has upheld the part of Mr P's complaint about the length of time it took to trace the policy. And it's agreed it made a mistake in not updating Mr P's address in August 2014 after a phone call. I've thought carefully about whether the £100 offered by Prudential for the trouble and upset it caused is fair and I've decided that it is. I think that, even if Mr P's address had been corrected sooner, this dispute wouldn't have been resolved more quickly or been any less upsetting for Mr P.

my final decision

My final decision is that I don't uphold this complaint. This is because I consider the offer made by The Prudential Assurance Company Limited to be fair and reasonable in final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 February 2016.

Emma Peters
ombudsman