

summary of complaint

Mr K's complaint concerns the policy he took out with The Prudential Assurance Company Limited (the business hereafter). Mr K says that when the policy matured in 2003, he reinvested it on the, "*understanding that it would return a reasonable rate of interest or bonuses.*" He said that he was offered, "*possible benefits of between 7% and 10.5%.*" These returns have not been realised.

background to complaint

The adjudicator said that when Mr K elected to continue with the policy, he selected option 1. This was for the benefits to be increased in line with interest earned on cash deposits after tax. She also concluded there was insufficient evidence to show a return of between 7% and 10.5% was guaranteed and Mr K could have contacted the business for updates.

Mr K did not accept these findings. He has referred to the policy in two parts – the matured policy and then a new policy which he says, "*is without doubt subject to bonuses and interest.*"

The business confirmed that it had nothing further to add.

As this complaint has not yet been resolved, it has been referred to me for review.

my findings

When Mr K's plan matured he was sent a letter by Prudential. This stated that two options were available. Option 1 was that the plan would remain in force for another 10 years and premiums would remain at the same level. Option 2 was to simply take the maturity value as cash. Under Option 1 it was stated that the benefits of the plan would be increased in line with, 'interest we earn on cash deposits after tax'. Premiums would be increased by the same amount. Mr K chose Option 1.

Interest has been applied to Mr K's policy as described under Option 1, so I believe Prudential have applied a return as they said they would and as described in their letter. The 'endorsement' Mr K refers to actually says that the bonuses added to the policy up to 2003 will be increased by the premiums paid and by 'such amounts' as the 'Society shall allow'. I appreciate that Mr K thought that would mean bonuses would still be applied but it does not say that and the option letter made it clear it was only interest that would be applied.

I realise that Mr K says he had conversations with employees of the Prudential who led him to believe he would receive similar levels of growth as that already achieved on his plan. I have taken that into account but I have not seen any evidence that would support a finding that Prudential said that or implied that returns of 7 to 10 ½ % would be obtained.

In later correspondence Mr K has said that he assumed he had two 'policies' both of which attracted bonuses. He has said he did not receive statements for either. As discussed above, Mr K had one policy to which interest would be added; I have not seen evidence that the policy was 'split' in the way Mr K describes.

I can see that Mr K has now been supplied with the interest rates that were applied to his plan. Mr K is not happy with those rates but I have no reason to believe they have not been correctly applied.

I understand that Mr K expected a level of return equivalent to another unrelated investment he held but I have not seen that Prudential said that it would achieve that amount or why an unrelated plan would be relevant. The fact that he might have been able to obtain higher rates elsewhere is not a valid point of complaint.

I note that regular statements were not issued but there were no bonuses to be applied and so no bonus additions to show. It is not normal practice for Prudential to issue statements on policies which have reached maturity so they have not made an error as such but I agree that it might have been better if Prudential as a matter of good customer service had issued something which showed what interest was being applied (as it varied). Having said that, statements could be supplied on request and if Mr K required them. Overall, I do not believe I can make an award in respect of Prudential not supplying regular updates.

I did, however, think that Prudential had taken too much time to supply a breakdown of the interest it had applied to the investment to Mr K. I asked if it would be willing to increase its offer for inconvenience caused from £50 to £100 and it has agreed to do so.

my decision

I uphold the complaint but only in respect of the delay for providing information. I order The Prudential Assurance Company Limited to pay £100 to Mr K if he accepts this decision. I do not uphold any other parts of the complaint and make no further award.

David Bird
ombudsman