

## **Complaint**

Miss H is unhappy with The Prudential Assurance Company Limited's handling of a claim she made on a payment protection insurance (PPI) policy she took with a secured loan.

## **Background**

Very briefly, Miss H fell into arrears with her loan which was taken over a term of ten years. The arrears worsened following her involvement in a road traffic accident in 2010, after which she couldn't fully work.

In May 2012, Prudential declined Miss H's claim for disability benefits under the PPI policy. The third party lender took court action against her and threatened to take possession of her home due to her outstanding loan repayments totalling around £25,000.

Then, in June 2019 and following our involvement, Prudential reviewed the evidence and agreed to pay Miss H's claim. It apologised for not paying it in 2012, when it says it should have, and offered her compensation for the financial losses she'd incurred, and also for the substantial distress and inconvenience she'd suffered since then.

Unhappy with Prudential's offer, Miss H pursued her complaint with us.

Our adjudicator was of the view that Prudential's offer was fair. The adjudicator felt the offer sought to put Miss H in the position she'd have been in had the claim been paid in May 2012 rather than seven years later. The adjudicator didn't ask Prudential to pay additional compensation for distress and inconvenience as she felt the £3,000 it had already offered was sufficient.

As Miss H didn't accept the adjudicator's findings, the complaint was passed to me to review afresh.

## **My findings**

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

To clarify, in this decision I've dealt not with the lending – which was undertaken by another financial business – but instead focussed on the actions of Prudential as the underwriter of Miss H's PPI policy. Having done so, I've decided that Prudential's offer to Miss H is fair. I'll explain why.

Let me start by saying I sympathise with Miss H for everything she's been through since 2010. Not only did she suffer life-changing injuries in the accident, but she struggled to work as a result. To make matters worse, she fell further behind on her loan repayments than she already was, and was taken to court by the lender and threatened with repossession.

This must all have been extremely difficult for Miss H, especially since – as Prudential now accepts and apologises for – the PPI policy didn't respond as it should have in 2012. Given that, it follows that Prudential's responsible for the direct and foreseeable consequences of the benefits not being paid when they were due.

As part of its offer of June 2019, Prudential said it was willing to pay the maximum of 24 monthly benefit payments, less the refund of premiums Miss H had already received. This is in line with our general approach to mis-sale compensation, where any amounts paid in claims and any refund of premiums can be offset against each other.

Because the claim wasn't paid in 2012, it's likely additional interest was applied to Miss H's account. Prudential's looked at that, together with the fact that Miss H was already in arrears before she stopped working. As a result, it's offered to pay the difference between the interest that would have been owed in the ordinary course of events and the additional interest charged as a result of the claim not being paid. I've seen nothing to suggest the way in which Prudential's worked this out's unfair.

Finally, regarding the extreme upset and inconvenience Miss H has been put to over the years, and the distress she's been caused, I believe the substantial amount of £3,000 Prudential's already offered is fair.

In response to the adjudicator's assessment, Miss H says she shouldn't be held responsible for the fees that were charged to her account as a result of the lender taking her to court. However, I note that Prudential's offer of £3,000 included repayment of a summons fee of £100 and solicitor's costs of £69.50 that she was charged in 2012. I'm satisfied that represents appropriate compensation for this element of her losses.

It can be very difficult to arrive at a figure for other losses that can never truly be quantified in monetary terms. But taking everything into account, including our published approach to compensation for non-financial losses, I don't consider that Prudential needs to pay any more than it's already offered in this respect either.

### **My final decision**

For the reasons given, I require The Prudential Bank Assurance Company Limited to pay Miss H in line with the offer set out in its final response letter of June 2019, if it hasn't already done so. That included payment of:

- The maximum benefit payable for disability claims, less the amount Miss H received as mis-sale compensation; and
- Compensation for additional interest charged to the account as a result of the claim not being paid in 2012; and
- £3,000 as compensation both for the distress and inconvenience Miss H has been caused as well as for the fees and costs she was charged due to court action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 4 January 2020.

Nimish Patel  
**ombudsman**