

complaint

Mr and Mrs P complain about delays caused by the Prudential Assurance Company Limited in paying the maturity value of their policy. They want the redress offered for the delay increased.

background

Mr and Mrs P's complaint was upheld. In summary, there were delays in arranging a "letter of no further interest" from a former lender who had a charge on the policy. That, together with some other delays, meant that the maturity payment to Mr and Mrs P was made later than the business' service standards said it should have been.

The business agreed to pay a sum of interest for the delay plus a small amount for the trouble and upset caused. Unhappy Mr and Mrs P came to us. One of our adjudicators looked at the file. He thought the business' offer was enough. Mr and Mrs P didn't accept the adjudicator's view.

The complaint was then reviewed by another adjudicator. She thought that the payment offered by the business wasn't enough. She thought the interest should cover a longer period and the trouble and upset award should be more.

The business thought that was wrong. As the parties couldn't agree I have been asked to issue a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I uphold this complaint as the second adjudicator did before me.

This is simply about delay. When Mr and Mrs P's policy matured payment of the money couldn't be made. Quite rightly the business saw that the policy had been assigned to a lender in the past. That meant that the money couldn't be sent to Mr and Mrs P without the former lender agreeing it had no claim on the policy. It was mainly the process for obtaining that agreement or "notice of no further interest" which resulted in most of the delay.

The business accepted that some delay had been caused for which it was responsible. It offered interest for that delay and a small amount for the trouble caused. However it is clear that under the process now operated by the business it aims to contact lenders or charge holders six months before a policy matures.

That gives time for former lenders and others to respond and sort out any possible claims before the policy matures. That is very helpful and it is good that the business is doing that. The difficulty here is that it *didn't* do it. That means that Mr and Mrs P have not been treated as fairly as other policyholders.

The issue of a charge which was no longer needed hadn't been dealt with before the policy matured. The second adjudicator thought that meant the business should pay interest from 4 working days after maturity (the standard for payment times set by the business).

The business says the interest shouldn't go back that far. It thinks interest should start from the point when it got the notice of no further interest. I have to say I agree with the second adjudicator. I can see why the business is unhappy with that. But not to do that would, in my view, disadvantage Mr and Mrs P when "tested" against the standards set by the business for other policyholders.

Given what happened and the speed of the response from the former charge holder I think it more likely than not that the other business would have responded within the same time had it been contacted earlier. Therefore, exactly as the business intends for its policyholders, the proceeds would have been payable from the date of maturity (in fact a few days later to meet the service standard set which I think entirely reasonable).

As regards the additional payment for distress and inconvenience proposed by the adjudicator I agree that £100 is more appropriate. These things are of course very much a matter of judgment. However £50 "feels" insufficient for what Mr and Mrs P have been through.

my final decision

I uphold this complaint. I direct that the Prudential Assurance Company Limited calculate and pay interest at 8% simple from the fourth working day after the policy matured to the date of payment of the maturity proceeds. Any payment already made should be deducted from that figure. It should also pay an additional £100 for trouble and upset on top of its original offer, less any such payment already made.

If the business is advised to deduct tax from the interest it may do so. However if it does it must provide a tax deduction certificate to allow any possible refund to be applied for.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 25 April 2019.

Mike Boyall
ombudsman