

complaint

Mr F complains that he was mis-sold three mortgage endowment policies by The Prudential Assurance Company Limited.

background

Mr F complained to the business that he was mis-sold mortgage endowment policies in 1981, 1991 and 1995.

The business upheld Mr F's complaint about his 1991 policy but it did not address the other two policies. Therefore, Mr F referred his complaint to this service where it was considered by one of our adjudicators.

Mr F's monthly contribution into his 1995 policy was switched between various funds during its life span and so several accounts under the same policy number existed. The policy value (made up by those several accounts) was eventually transferred to another business into a single account shortly before being 'cashed-in'.

Mr F says he recalls that his 1981 policy value was also transferred to this other business – into the same account as his 1995 policy. Mr F believes the value he received when this account was cashed-in is evidence of this. However, the business said it could not find any record of the 1981 policy.

The adjudicator recommended that Mr F's mis-sale complaint about his 1995 policy should be upheld, and said the compensation for the 1991 policy should be brought up to date. He did not consider Mr F's complaint about the 1981 policy should be upheld.

The adjudicator said the business had made efforts to trace a 1981 policy but had not found any evidence that such a policy existed. He considered that the bank statements Mr F had provided did not show an endowment premium was being paid between 1981 and 1991. He also noted that the 'fact find' that was completed in 1991 stated Mr F's previous mortgage was held on a repayment basis.

The business agreed with the adjudicator's assessment, but Mr F did not. Mr F asked for the matter to be referred to an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same conclusions as the adjudicator and for similar reasons. I appreciate Mr F is likely to find this disappointing.

The business upheld Mr F's complaint about his 1991 policy and calculated redress. This calculation appears to be in line with the standard approach that is set out in guidance published by the regulator, the Financial Conduct Authority. Following the intervention of our service the business also agreed to uphold Mr F's complaint about his 1995 policy, and calculated redress following the same approach as for the 1991 policy. I am satisfied that the standard approach to redress is the right one to use for both policies.

As I understand it, an important outstanding issue relates to the existence of the 1981 policy. Where there is a dispute about events I must decide, on the balance of probabilities, what is most likely to have happened taking into account all the circumstances.

Having reviewed the file, I am satisfied on the balance of probabilities that this policy did not exist. I have seen no documentation from when any such policy was taken out, for example a policy schedule. The business has been unable to produce any records, and I have no reason to believe that the business is concealing information in this respect. I note the business has offered to reconsider the complaint if further evidence of this policy's existence comes to light at a later stage, which seems to me to be fair and reasonable.

In addition, the historic bank statements Mr F has provided do not appear to show a policy premium – the adjudicator considered this in some detail. I also note that the 'fact find' from 1991 records Mr F as having a repayment mortgage. This suggests he was unlikely to have had or needed an endowment policy.

Mr F says he recalls that his 1981 policy value was also transferred – into the same account as his 1995 policy. I understand that part of his reasoning for this is that the value of the 1995 policy appeared to have increased significantly between 2000 and 2011.

The business has told us that it considers the value of the policy was an accurate reflection of the investment returns that were achieved. It says the increase was not due to any additional policy having been transferred into it.

I appreciate Mr F would like further information about this, such as how the investment returns were calculated. However, decisions made by investment managers fall within a business's legitimate commercial remit, and as such our service does not usually consider them. It is not for me to request that a business provides a detailed breakdown of its investment activities.

Prudential, as well as the other business that took over responsibility for the policy, will have been subject to oversight from its board, auditors and actuaries, as well as from its regulators. The business has told us the increase in value of the policy was an accurate reflection of the investment returns. Mr F has produced no persuasive evidence that suggests otherwise.

my final decision

For the reasons given above, and by the adjudicator before me, I uphold this complaint against The Prudential Assurance Company Limited in respect of the policy taken out in 1995. I consider the business's offer in respect of the 1991 policy to be fair and reasonable.

If Mr F accepts my decision, then he can decide whether he would like the business to re-calculate compensation for both of these policies up to the date of this decision.

I do not uphold this complaint in respect of the policy Mr F says he took out in 1981. The business has said it is willing to reconsider this aspect of the complaint should further evidence come to light. I consider this to be fair.

Kirsten Smart
ombudsman