

complaint

Mr H and Mrs W complain they're entitled to the £5,721 they were incorrectly quoted as the endowment policy maturity value by The Prudential Assurance Company Limited (Prudential) in a letter dated early April 2014.

background

One of our adjudicators investigated Mr H and Mrs W's complaint and recommended that the complaint shouldn't be upheld. Whilst the Prudential accepts it made an error in relation to the revised sum assured, our adjudicator found that Mr H and Mrs W were entitled to be put in the position they would have been if Prudential had explained things correctly.

However they weren't entitled to be placed in a position they would've been in if the 'misrepresentation' was correct. Therefore Mr H and Mrs W weren't entitled to the incorrect sum assured. The quotation was an estimate and therefore an unknown figure until maturity or payment had been made. The £200 offered by Prudential for 'distress and inconvenience' was fair and reasonable.

Mr H and Mrs W disagreed with the adjudicator's conclusion. Mr H maintains he relied upon the letter dated April 2014 from Prudential and started work on his kitchen. He says the sum of £5,721 was confirmed rather than an estimate.

As no agreement has been reached the complaint was referred to an ombudsman for review.

my findings

I've considered all the available evidence and arguments from the outset, in order to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I broadly agree with the conclusions of the adjudicator and for the same reasons.

Prudential accepts it incorrectly quoted the policy sum assured figure in its letter to Mr H and Mrs W, dated April 2014. This isn't disputed by Mr H and Mrs W. However I note there is some disagreement about how many times Mr H and Mrs W were written to with the incorrect sum assured.

In a letter to our adjudicator dated March 2015, Mr H says the sum assured was "CONFIRMED" in the letter from Prudential dated April 2014 and subsequently, December 2014. Whilst I don't doubt Mr H's recollection, I've not seen any evidence of a second letter dated December 2014, reiterating the mistaken figure.

However I note a letter from Prudential to Mr H dated December 2014 in which it says it couldn't find any record of other calls or correspondence where the incorrect sum was given. Therefore in the absence of any evidence relating to the second letter reiterating the mistaken sum assured, I'm satisfied Prudential has investigated this complaint fairly and reasonably.

Mr H and Mrs W believe Prudential should be made to honour the incorrect policy maturity value they were quoted at £5,721, instead of the real value at £572. I agree with our adjudicator, in that Mr H and Mrs W are entitled to be put in the position they would've been

in if the business had explained things correctly. They're not entitled to be put in the position they would've been in if the misrepresentation had been true.

Mr H and Mrs W were only due to receive £572 when their policy matured in January 2015. I note that the policy commenced in January 1990 with a benefit term of 25 years, however the premiums became unpaid from November 1991. As a consequence the policy lapsed and it became a 'Paid-up Policy' from November 1991. By then the total premiums paid into the policy were roughly £435. I also note that about 10 years later in November 2001 the surrender value of the policy was less than the premiums paid at around £304.

Given these figures and the fact that Mr H and Mrs W had only paid their premiums for a little over a year and a half of their 25 year policy, I don't think it would've been unreasonable for them to query the amount of £5,721 as an unusually large amount of money.

I understand that Mr H and Mrs W had made plans to buy a new kitchen with the money and have already started work on it. I can appreciate that they're unhappy that they're not receiving the sum they believed they would be. However, I'm not satisfied that it was reasonable for Mr H and Mrs W to rely upon what I consider to have been a noticeably incorrect figure without making further enquiries as to its validity.

The fact is this was an unfortunate and genuine administrative error. The first time it was raised by Mr H and Mrs W was when the incorrect maturity value was included in a letter to the Prudential, dated late October 2014, for claim settlement purposes. Prudential replied only days later in early November 2014 confirming the correct value. I think this was a reasonable amount of time to respond and correct the mistake at the first reasonable time it became aware.

Until the policy matures or the payment is made, the figures given are generally estimates. I'm aware there were 9 months left before this policy was due to mature. However in this instance the sum assured figure was simply a mistake – but one which I think should have been quite noticeable. It was highly unlikely to have increased more than 10 times in value for a policy that lapsed a year and a half into its 25 year term.

I don't think it would be fair or reasonable for Prudential to have to pay out the mistakenly quoted higher sum, despite its initial error. I'm satisfied the £200 offered for 'distress and inconvenience' is fair and reasonable in all the circumstances.

my final decision

For the reasons that I've explained above I don't uphold this complaint. I'm aware that Mr H and Mrs W were issued with a cheque in the sum of £200 and therefore Prudential may not need to take any further action, subject to this being confirmed.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H and Mrs W to accept or reject my decision before 8 July 2015

Dara Islam
ombudsman