

complaint

Mr J has complained that Prudential Assurance Company Limited failed to inform him of the maturity of his policy for 15 years and that the interest applied to the maturity value is low.

our initial conclusions

The adjudicator did not uphold Mr J's complaint. She considered that it was fair to pay interest at Bank of England base rate on the maturity proceeds. Mr J disagreed and said that he would have placed the funds into a high interest account instead of a basic deposit based account.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Mr J and Prudential have provided.

The issue to be resolved is what is a fair rate of interest to be applied to the late payment? Prudential have applied Bank of England Base rate (BOE). We do not know to what use the money would have been put if it had been paid on time. It could have been used to repay debt, invested, saved or simply spent. Bearing all those things in mind I have to decide what would be a fair rate.

I understand his comments but do not believe that BOE is as poor a rate as Mr J believes. For most of the late payment period this has been around 4 or 5%, albeit it has fallen considerably since 2008. Prudential has compounded this rate. I appreciate the Court proceedings Mr J has referred to but do not believe individual findings should be applied here necessarily; in any event the Financial Ombudsman is not a Court and my overriding requirement is to decide a rate that is fair and reasonable in the circumstances. Given the lack of certainty as to the use of the money I think, on balance, BOE is a fair rate to use, given the rates applicable over the entire period of late payment. **Consequently I do not uphold the complaint that Prudential should pay more.**

Under the rules of the Financial Ombudsman Service, I am required to ask Mr J either to accept or reject my decision before 10 June 2013.

David Bird

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer must sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision and returns the signed acceptance card to us before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.