

## **complaint**

This complaint concerns the surrender of Ms N's endowment plan by Nationwide Building Society in September 2011. Ms N is not happy that she was not notified of the surrender before it happened and is not happy with the offer made by Nationwide to compensate her.

## **background**

Nationwide accepted that it had sent the letter advising Ms N of the surrender to an incorrect address and had not made sufficient attempts to contact Ms N before surrendering the endowment.

As a result, it offered compensation based on the financial loss incurred for cancelling the plan prior to maturity. It also offered a further £150 in addition to £100 already paid to Ms N for failing to record her correct address. Nationwide also agreed to cover the costs of a replacement life policy on the provision of a suitable quote. Ms N was not happy with the settlement offered and referred her complaint to our service.

The adjudicator was satisfied Nationwide was able to surrender the policy in accordance with the terms and conditions of Ms N's mortgage. She believed the offer to be fair and reasonable as it took into consideration the likely return of the policy if it had been held until maturity rather than surrendered.

The adjudicator noted that a policy debt of unpaid premiums plus interest had been deducted from the settlement offered by Nationwide. This was considered reasonable as the adjudicator was satisfied that Ms N had been made aware of the outstanding premiums and debt, some which had been acknowledged by Ms N, and as a result she'd had the opportunity to pay the outstanding amount.

Ms N did not agree with the adjudicator's opinion as she maintained that Nationwide should have negotiated a reduced debt with the endowment provider. She also said she was not given the opportunity to repay the debt owing or to negotiate a reduced debt with the endowment provider herself. Ms N is also unhappy with the offer of £250 for distress and inconvenience, as she does not consider this to be sufficient. As a result, the complaint has been referred to me for consideration.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

As an initial point, I understand that Ms N has also complained about the advice she received to take out the endowment policy. This is being dealt with separately by this service, and so is not material to the consideration of this complaint.

It is clear that Nationwide failed to maintain accurate records of Ms N's address, and so was not able to communicate with her about her mortgage until this was rectified. Therefore, when the issue of the arrears of premiums started to become pressing, because of the increasing debt building up against the policy, it was not in a position to discuss matters with Ms N.

Therefore, whilst Nationwide was entitled to surrender the policy in accordance with the terms and conditions of the mortgage, it would have been preferable to have entered into communication with Ms N before taking any action.

However, whilst acknowledging this error, I consider that the offer Nationwide made to redress the potential financial loss Ms N may have suffered is fair and reasonable. This assumed that the policy would accrue growth at the highest of the three projected rates of return, a prospect that is by no means certain.

I have noted Ms N's comments that the action taken by Nationwide deprived her of the opportunity of negotiating with the endowment provider in order to achieve a better position. However, whilst I understand this point, I am also mindful that the provider had made Ms N aware of the debt that had built up under the policy as a result of the missed premiums. I have seen a copy of a letter it sent her in June 2010 confirming the debt was in excess of £3,600. It does not appear that Ms N had taken any action to address the situation over the following year.

I understand Ms N had certain health issues she believes meant she was not able to look after these affairs. However, I am unable to safely conclude it is more likely than not she would have taken action had she been notified by Nationwide of its intentions. It is also not clear what action she could have taken that would have put her in a better position financially than that proposed by Nationwide in its suggested settlement.

I appreciate this matter will have caused Ms N some distress and inconvenience. However, whilst I understand her concerns, I find that the overall sum of £250 offered by Nationwide to be fair and reasonable, when taking into account that awards of this nature tend to be modest.

I understand that Nationwide has already paid Ms N £100, and so there is a further £150 that should be paid.

### **my final decision**

I uphold the complaint, but find that the suggested settlement offered by Nationwide in its letter to Ms N dated 12 March 2012 to be fair and reasonable. Nationwide Building Society should pay this to Ms N, if she accepts this decision.

Doug Mansell  
**ombudsman**