

complaint

Mrs M's complaint is about the information she received from The Prudential Assurance Company Limited before she surrendered her endowment policy. The figures she was given over the telephone were very different to the surrender value she actually received. She's told us that she wouldn't have surrendered the policy had she known that she would only get the amount she did.

background

Mrs M had an endowment policy with Prudential that was due to mature in 2021 and had a target of £12,290. In June 2017 she received a letter updating her on the status of her policy. The letter explained that using a growth rate that Prudential believed was reasonable, it would be worth £15,800 at the end of the term.

Following receipt of the above letter she contacted Prudential by telephone and asked what the surrender value was. She was told it was worth £17,616.14, but it would fluctuate daily. Following discussions with her spouse, she called again a few days later to check the figure. She was again given a figure in excess of £17,000 and asked to be sent the paperwork that would let her surrender it.

When the surrender paperwork was received, it detailed a much lower surrender value – in the region of £11,000. Mrs M called and questioned the difference in amount. She was told the figure was wrong and that the surrender value was in the region of £17,000. Mrs M completed the forms and returned them. The surrender value she received was slightly over £11,000.

Mrs M was not happy with this and asked why she hadn't received the amount she had been told to expect. When Prudential didn't give her a response, she made a complaint. Prudential responded to her complaint, it explained that the surrender value on her policy had to be calculated manually and she shouldn't have been given a figure when she called. It apologised for its error and paid Mrs M £350 for her loss of expectation and the inconvenience she had been caused.

Mrs M didn't accept Prudential's position as she wanted it to pay her the difference between the surrender value she received and that she was led to believe she would get. As such, she referred her complaint to this service.

One of our investigators considered the complaint and thought that the payment for the inconvenience Mrs M had suffered was appropriate. However, she also concluded that Mrs M should have been given the option to reinstate the policy. Prudential agreed as long as Mrs M repaid the surrender value, paid the premiums she would have paid since the surrender and set-up a new direct debit mandate for future premium collections.

Mrs M didn't accept the offer. She said that she had committed the money she'd received to a family holiday on the assumption that we would find in her favour. So she doesn't have the money to be able to take up the offer made by Prudential. As agreement couldn't be reached, the complaint has been passed to me to consider.

my findings

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

Mrs M has said that she wants Prudential to pay her the difference between the surrender value she received and the amount she was expecting. I can understand why Mrs M wants this, but it's not something that I would award. Mrs M's policy was never worth the amount she was led to believe it was, so she was never entitled to receive that amount. When awarding redress, we will aim to place the consumer in as close a position as possible to that which she would have been in had she not received the misleading information.

Mrs M has said that she wouldn't have surrendered the policy – she would have left it in place and continued to pay the premiums until the end of the term. I have no reason to disbelieve Mrs M. However, to place her back in that position, the policy would need to be reinstated. Prudential has offered to do this, if Mrs M returns the surrender value and pays the missed premiums. I think this is entirely reasonable.

Mrs M has said that she can't return the surrender value because she booked a family holiday on the assumption we would uphold her complaint and she would be keeping the money. I can understand the position Mrs M finds herself in. However, Prudential has agreed to the appropriate offer and I can't ask it to do more because Mrs M spent the money before knowing the outcome of her complaint.

In relation to the poor service Mrs M received from Prudential, it has accepted its failings both in providing her with incorrect information and not explaining the error that happened. Having considered the situation carefully, I am satisfied that the £350 Prudential offered is appropriate.

my final decision

My final decision is that I partially uphold this complaint. I consider that the offer The Prudential Assurance Company Limited has agreed to - to reinstate the policy upon the return of the surrender value and missed premiums – is fair and reasonable in the circumstances. I also find that the £350 it paid Mrs M was appropriate to compensate her for her loss of expectation and inconvenience. Under the rules of the Financial Ombudsman Service, I am required to ask Mrs M to accept or reject my decision before 13 March 2018.

Derry Baxter
ombudsman