

complaint

Mr T's complaint concerns the performance of his whole of life policy sold by The Prudential Assurance Company Limited (Prudential), since Prudential decided to make it a fully paid up policy in 2006. This meant that Mr T didn't have to pay any further premiums to the policy to maintain the sum assured.

Mr T feels that if he continued paying premiums, it would have contributed to the management of the fund and so the policy's performance would have been better. Mr T was unhappy at the service he received and feels his main questions haven't been adequately answered by Prudential.

background

One of our adjudicators investigated Mr T's complaint and recommended that the complaint shouldn't be upheld. In short our adjudicator found:

- The fact that Mr T had stopped paying premiums wasn't detrimental to the performance of the whole of life policy.
- The policy performance has been affected by a downturn in the economic climate.
- Prudential answered Mr T's questions within two letters dated mid and late May 2014.
- Prudential can't be held responsible for missing post.

Mr T disagreed with the adjudicator's conclusion. In an email dated end of March 2015, in short he said:

- Prudential failed to address all of his questions. Particularly the issues relating to the statistical data about the fund management.
- He wants to know how often in 2014 Prudential carried out reviews with a view to making policies fully paid up like his own.
- It was a coincidence that his policy was reviewed and made paid up at its fortieth anniversary.
- His ongoing premiums would've contributed to management costs.

Our adjudicator obtained further information from Prudential. In a subsequent view, dated May 2015, our adjudicator said she was unable to alter her original assessment of the complaint.

Our adjudicator was satisfied:

- Prudential had adequately answered Mr T's questions within an adequate timescale.
- Prudential had categorised Mr T's questions into complaint and general administrative questions.
- The review by Prudential was carried out due to the policy's fortieth anniversary.
- Statistical data can be regarded as commercially sensitive and therefore it was a matter for Prudential whether or not it disclosed the information.
- Prudential covered the policy's management costs.
- Prudential waived the premium as a gesture of goodwill, which of itself wasn't detrimental to the performance of the policy.

Mr T disagreed with the adjudicator's view but had no further points to add.

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 substantially for the same reasons.

I'm persuaded that although Prudential made the policy fully paid up in 2006, the policy continued to attract bonuses as though the monthly premiums were being paid. The policy's performance had suffered in recent years due to the economic climate and other factors including, fund performance, available reserves and anticipated growth. However, I'm satisfied Mr T having stopped paying premiums wasn't detrimental to the performance of the policy.

The Prudential say it undertook a review of certain policies, where premiums had been paid for forty years. It says this was to reward customers for their loyalty, and it allowed certain policies to be paid up, whereby Mr T was no longer required to pay the premium due. I've no reason to dispute this.

Prudential call it a "goodwill gesture" however Mr T is unconvinced. I can see why Mr T might feel this way. I note Prudential says with a typical "paid up" policy the policy loses its right to future bonuses. It says this has not happened with Mr T's policy. It's simply taken over paying premiums on behalf of Mr T, and the policy would continue to run as it did before. Since 2006 it has also taken on management costs and paid these on Mr T's behalf. In a letter dated April 2015, Prudential said:

"We are basically waiving payments and ensuring that the bonuses added each year to his sum assured are not affected, and are still based on the original sum assured, and the existing guaranteed regular bonus attaching to his policy. The policy's current value is the same now as it would have been had we not 'waived' these future premiums."

I note that Mr T feels the performance of the policy had been good but not since 2006. I'm however satisfied the policy's performance has been down to the performance of the financial markets since 2006. And Mr T continuing to pay premiums wouldn't have altered the performance of his policy.

I note Mr T says there was no notification or consultation of Prudential's decision to make the policy fully paid up, just imposition. However, this was intended as a distinct benefit to policyholders, rather than a disadvantageous change to which it might be expected that objections would be raised. I note Mr T was notified in October 2006 and I've seen no evidence that objections to this were raised by Mr T.

As to the matter of Prudential's responses to Mr T's questions, in my view the letters sent in response to Mr T's questions, adequately answer his questions. And they do so in a reasonable and clear manner, and within an adequate time frame. Albeit, in letters separate to its final response letter.

Overall, whilst I appreciate that Mr T may still have doubts that his policy has been treated the same as if he'd continued paying premiums, I don't think the available evidence supports the position that Mr T has been disadvantaged by Prudential's actions.

my final decision

For the reasons that I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr T to accept or reject my decision before 22 July 2015.

Dara Islam
ombudsman