

### **complaint**

Mr and Mrs L have complained that The Prudential Assurance Company Limited did not cancel their term assurance policy when they redeemed their mortgage early in January 2010.

### **our initial conclusions**

The adjudicator did not recommend that the complaint should be upheld. In summary, she concluded that Prudential would not have been aware that Mr and Mrs L had redeemed their mortgage early. The consumers continued to pay the premiums, and so Prudential continued to provide protection.

Mr and Mrs L did not agree. They believed that because the policy was sold at the same time as their mortgage, the two were linked.

### **my final decision**

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

Although the policy was intended to repay Mr and Mrs L's mortgage in the event of their death, it seems that it was not assigned to Prudential. In the circumstances, I am unable to see any way Prudential could have known that the mortgage had been repaid.

In any event, even if it had been aware of this, Prudential could not simply have terminated the policy on its own initiative. It could not know whether or not the cover was still required, despite the mortgage being redeemed. Prudential was obliged to maintain the policy in force and continue collecting premiums under the terms and conditions, until it was informed by Mr and Mrs L that the policy should be cancelled. Ultimately, it was for Mr and Mrs L to determine if they wanted the cover. I consider it would have been reasonably apparent that the premiums were still being collected, after the mortgage had been redeemed, by checking their bank statements.

**I do not uphold the complaint and I make no award.**

**Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs L either to accept or reject my decision, in writing, before 30 September 2013.**

*Doug Mansell*

*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 should 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 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.