

complaint

Ms S has complained about The Prudential Assurance Company Limited's failure to let her know that her income protection insurance policy would end on her 60th birthday. Ms S says that as a result she was denied the opportunity to take out a policy with another insurer to provide cover beyond that date.

background

In 1993, Ms S took out an income protection insurance policy with Prudential (then trading as Scottish Amicable). The policy would pay benefit, after a deferred period of thirteen weeks, if Ms S was unable to work because of illness or injury. The policy was due to run until Ms S's 60th birthday in 2015.

In 2015, five days before her birthday, Ms S rang Prudential to check whether the policy was due to expire. The adviser wasn't absolutely sure and said he would call back to confirm.

Prudential later wrote to Ms S to confirm the policy had expired on her 60th birthday. Ms S tried to obtain cover from other mainstream providers to last until she turned 65 but found she couldn't because she was now too old. She could have obtained cover had she applied before she was 60.

Ms S complained to Prudential that it hadn't warned her that her cover was about to expire and had misled her into believing that her cover would continue beyond her 60th birthday when she rang up to check. Prudential didn't uphold her complaint. It said it had been clear from the original policy documents provided to Ms S that the cover lasted only until her 60th birthday and it wasn't under an obligation to remind her of this. It said it had been unable to find a recording of the telephone call Ms S had made shortly before the policy's expiry. However, from the internal notes of that call it appeared that the adviser had promised to call Ms S back. It said it couldn't find evidence that he had done this and it therefore agreed to pay Ms S £100 compensation for the poor service.

Ms S was unhappy at this response and referred her complaint to this service. Our adjudicator recommended that the complaint be upheld. She thought that Prudential had been at fault for not letting Ms S know, either by writing proactively to her or in response to her telephone enquiry, that her policy was about to expire. She thought that if Prudential had made Ms S aware of this she would have made arrangements to take out further cover with another provider. Given that Ms S had now been denied that opportunity, she thought Prudential should extend Ms S's cover for a further five years.

Prudential didn't accept the adjudicator's findings. It said it had eventually been able to locate a recording of Ms S's telephone conversation with the adviser and provided a copy of this. It provided evidence to show the policy's expiry date had been made clear when Ms S applied for the policy in 1993 and in further documents sent to her in 1999 and 2009. It pointed out there was no regulatory requirement for it to remind Ms S of the imminent expiry of the policy. It said Ms S's telephone call had been made only three working days before the policy was due to expire and it questioned whether she could have obtained alternative cover within that time. It said Ms S's independent financial adviser had emailed it asking for details of the policy the day after she had made her telephone enquiry and it had provided those details eight days later (albeit that the policy had by then expired). It believed the evidence overall showed Ms S was aware of the policy's imminent expiry.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I uphold this complaint.

I accept that it was made clear to Ms S at the outset that her policy would end when she reached the age of 60. I also accept that this was also made clear in documents sent to her in 1999 and 2009.

I also accept that Prudential was not under any obligation to notify Ms S of the imminent expiry of her policy. While it may have been helpful if it had done this, I don't think I can find it at fault for not doing so.

However, it is clear that Ms S wasn't entirely sure whether her policy was about to end when she rang Prudential in 2015; if she had been sure, she wouldn't have made the phone call. I don't think it is surprising that Ms S wasn't entirely sure given the passage of time since the policy was taken out and since she'd received the further documents from Prudential.

I've listened to the telephone conversation with the adviser. The adviser tells Ms S that there doesn't seem to be an expiry date to her policy. He offers to confirm this with a colleague and to call her back. It appears that this call back never took place.

While I accept that Prudential was under no obligation to remind Ms S of the imminent expiry of her policy, I believe it was under an obligation to answer her enquiry promptly and accurately. Instead, it appears that the adviser gave Ms S a misleading reassurance that the policy would continue and this was not corrected until after the policy had expired.

I think Ms S was anxious to ensure she had continuation of cover beyond her 60th birthday and if she had been given correct information in the telephone call she would have sought to obtain that cover from another insurer. Instead, she was left with the impression that her cover with Prudential would continue. She has provided evidence to show there were mainstream insurers which offered cover to those aged 59 at application but not any older. I have no reason to suppose she couldn't have made a successful application in the timescale available. However, as a result of the incorrect information she was given over the telephone, she was denied the opportunity to obtain the cover she wanted.

In light of the above, I think that Prudential should offer to reinstate Ms S's policy and extend it until she reaches the age of 65.

my final decision

For the reasons given above, my final decision is that I uphold this complaint. I require The Prudential Assurance Company Limited to offer to re-instate Ms S's policy and extend it until she reaches the age of 65. To take up this offer, Ms S would need to pay backdated premiums from the time the policy originally expired.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 20 May 2016.

David Poley
ombudsman