

## **complaint**

The executors of the late Mr C's estate ("the executors") complain that The Prudential Assurance Company Limited paid out the value of his pension fund to his wife ("Mrs C").

## **background**

The late Mr C held a personal pension with Prudential. When he passed away, Prudential paid a lump sum to Mrs C. Mr C's parents were executors of his will and they complained to Prudential on behalf of the estate. The will stated the estate was to be split between his two children, and his parents argued this meant it wasn't fair that the pension benefit had been paid to Mrs C, particularly as they were estranged.

Prudential explained the pension fund didn't form part of the estate and under the terms of the policy, it had discretion as to who should receive the lump sum. It said that in applying its discretion, it took full consideration of the circumstances of the situation. This included a full and detailed fact finding exercise.

The executors weren't happy and so they complained to this service. Their representatives have explained the late Mr C had no assets other than his share in the property and there was no money to cover the funeral costs, a debt of £1,131.87 and other costs of dealing with the estate. They've argued he didn't nominate anyone to receive the lump sum and that in these circumstances it would be usual for the lump sum to fall into the estate. They've suggested the money paid to Mrs C should've been used to settle his outstanding liabilities.

Our investigator didn't feel the complaint should be upheld. He was satisfied Prudential had considered all the relevant facts before exercising its discretion under the terms and conditions of the policy.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint - and I've reached the same conclusion as our investigator for broadly the same reasons.

The policy states that if the policyholder dies before the pension begins, the value of the fund will be payable in a lump sum and the policyholder may nominate any person (or persons) to receive this lump sum. It goes on to state that, whether or not there's a nomination, Prudential has discretion as to whom the lump sum will be paid.

The late Mr C hadn't nominated anyone to receive the lump sum, but even if he had, Prudential would've still had discretion as to who should receive it. The executors feel the will was ignored because he'd wanted his assets to be split between his two children. I note in its final response, Prudential referred to the will as 'instructive' and from this I'm satisfied it was considered.

Prudential refused to give any detailed information about what it relied on when it decided to pay the lump sum to Mrs C. This is because the pension didn't form part of his estate, and so the executors aren't entitled to information about the lump sum.

The fact the late Mr C and Mrs C were estranged doesn't mean she wasn't entitled to receive the lump sum. But it's right that Prudential wasn't obliged to pay the lump sum to the beneficiaries of the will and I've not seen any evidence to suggest that its decision not to do so was unreasonable.

The executors settled some financial obligations on his behalf and they argue they wouldn't have had to do this if the lump sum had fallen into the estate. They weren't beneficiaries under the will, but it's right the money from the estate could've been used to pay for things such as funeral expenses and outstanding debt. However, provided Prudential acted fairly and reasonably in the way it handled the late Mr C's affairs, and I'm satisfied it did, I can't fairly hold it responsible for the fact that the executors paid this money.

Overall, I don't accept that Prudential's decision to pay the lump sum to Mrs C was unreasonable or that the estate of the late Mr C lost out unfairly as a result.

**my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr C to accept or reject my decision before 11 January 2018.

Carolyn Bonnell  
**ombudsman**