

complaint

Mrs K's complaint concerns the investment performance of her endowment policy provided by The Prudential Assurance Company Limited ("Prudential") in 1990. She is unhappy with the return she has received on her investment. She also believes that the re-projection letters provided by Prudential were misleading as they suggested that the investment would achieve returns at a growth rate of 6%. Mrs K's policy has matured achieving lower returns than expected.

background

The complaint was rejected by the business and then brought here. It was then considered by one of our adjudicators – who did not agree that it should be upheld. Prudential had explained how the plan operated and how poor returns had meant the fund had not performed as had been expected.

Mrs K did not agree and the complaint has been referred to me for a final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having read the file I have to say I have come to the same conclusions as the adjudicator before me and for the same reasons.

I can understand that this is very difficult for Mrs K and why she has brought this complaint. If she is in any doubt she must take advice as to what options may be open to her. It is true to say that it has been commented on widely that policies like this are very complex and difficult to understand.

However normally when I uphold a complaint I need to find that the business has got something wrong. Here it seems to me the business has done what it said it would do. It has been explained to Mrs K how the policy in question here works. The premiums taken by the business are invested in a fund after costs and the fund then grows or otherwise depending on investment performance and a number of other factors.

The value of the policy at maturity depends on the investment returns made and a number of other factors such as costs and charges.

I have looked at the letters Mrs K says are misleading. I cannot agree. The format of the letters and their contents are largely dictated by the regulator, now the Financial Conduct Authority. It is not for the business to decide what information to put in (although of course it could put more information in the letters if it chose).

The purpose of the letters is simply to alert people to the fact there is a problem with their policy in that it may not reach enough to repay the related mortgage. It strongly recommends taking advice and action if the consumer wishes.

The letters also give an indication of what the policy *may* achieve in the future. For instance I have looked at the "red" re-projection letters we have on our file. The letters explain they indicate what the policy *might* make at maturity at certain growth rates (set by the regulator). It clearly explains the future value of the policy is dependent on growth and that the figures say what the policy *might* be worth going forward. Nowhere can I find any guarantee as to

what the future value will be (except on early death) or any guarantee as to what the rate of return or growth rate will be.

The letters also clearly say that the rates of return going forward include a figure for what the business thinks is reasonable. That of course is simply a matter of (expert) opinion, but it is not any kind of guarantee or promise.

I can see nothing to suggest the letters were misleading or that they gave any kind of guarantee as to the future value of the policy.

my final decision

My final decision is that I do not uphold this complaint

Mike Boyall
ombudsman