

## **Complaint**

Mr M on behalf of the estate of Mrs M has complained about the surrender of two whole of life policies that Mrs M took out with The Prudential Assurance Company Limited. He is unhappy that Mrs M was written to and given the option to cash in her policies early without providing her with full information about the consequences of taking up the option. Mr M believes Mrs M lost out as a result of taking the proceeds early.

## **Background**

In April 2015, Prudential wrote to Mrs M about a life policy she had taken out several years previously. Although the policy was a whole of life policy – designed to pay out on death – due to her age, Mrs M was given the option to receive then full benefit early. She was given the choice to take the proceeds immediately or leave the policy running. Mrs M returned the relevant paperwork for two policies she held and asked to take the proceeds early. The policies were encashed, and benefit paid.

In 2018, Mrs M's son contacted Prudential to query why the policies had been paid out early. He said the proceeds had gone directly to pay for Mrs M's care home fees and she didn't receive any of the benefit. He complained that Prudential should have told Mrs M to seek financial advice, so she would understand the consequences of encashing the policies. He also said the policies were taken out to pay for funeral costs but there is now no cover in place for the intended purpose of the policies.

Prudential responded to the complaint. It said that it made a commercial decision to write to all customers over the age of 90, who held life policies, giving them the option to receive the policy benefits early. It says it was Mrs M's decision to take the benefit early and didn't think it needed to provide financial advice. Unhappy with the response, Mrs M's complaint was referred to this service.

The complaint was assessed by one of our investigators who felt it shouldn't be upheld. He didn't find that Prudential had done anything wrong in giving Mrs M the option to encash her policies early. He did consider the comments made by Mr M about Mrs M's vulnerability but didn't agree that Prudential had treated her unfairly. Mr M didn't agree with the assessment and remained of the view Prudential should have done more to help Mrs M when giving her the option. As no agreement could be reached, the complaint has been passed to me to review.

## **My findings**

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

Firstly, I've considered the letter Prudential sent to Mrs M in 2015 giving her the option to take the benefit from her life policies early. I'm satisfied this provided a balanced, clear description of the options and didn't present either as more favourable. The letter did make it clear that Mrs M could continue with the policy. It also said the option to take the money early remained open for anytime in the future. I haven't seen anything to suggest Prudential were advising Mrs M on what was the best option for her. The FAQs section of the letter explained that by keeping a policy it could benefit from future bonuses that may be declared in later years. So, I don't think it would be fair to say Prudential intentionally induced Mrs M into taking the option to receive the policy values early. I note that Mr M believes Prudential

hasn't followed regulatory principles and provided misleading information but for the reasons described above, I haven't found this to be the case.

I've considered the points made by Mr M about what level of care he believes Prudential should have given Mrs M. This includes his comments about whether Prudential should have told Mrs M to seek financial advice. While this may have been helpful, I don't think it had an obligation to do this. I can understand that this is a difficult situation for Mr M and his family, but I don't think there is enough to say Prudential did something wrong here by not suggesting financial advice was sought. I haven't seen anything to suggest Prudential were aware of Mrs M circumstances (other than her age) when it wrote to her in 2015, or of any specific vulnerability that meant it should think further about the level of care needed. I agree with Mr M that an individual shouldn't be viewed as vulnerable purely due to their age. All of this means, I haven't found that Prudential provided a lack of care to Mrs M when it wrote to her in 2015.

I've also considered the points made by Mr M about whether Prudential should have provided a statement to warn Mrs M that surrendering the policy could have financial implications for long term care funding. Mr M says this is particularly relevant for Mrs M (due to her age) and this is a reason why more information should have been given to her. I do understand the point he is making here. From what I've been told, it seems Mrs M's decision to take the proceeds came at an unfortunate time for her financially because the monies were used towards contributing to her care home fees, which would have otherwise been covered by her local authority. But this doesn't mean Prudential has caused her a loss. It's accepted that Prudential was unaware of Mrs M's particular situation, so couldn't give her a specific warning. I also don't think Prudential was obliged to provide Mrs M with a general warning about her eligibility for local authority funding for care costs. I know Mr M feels strongly that it should have, but I don't agree that Prudential needed to provide more information.

Mr M has also queried whether encashing the policies early led to a lower benefit value being paid. I acknowledge that had the policies continued they did have the potential to increase in value if further bonuses were added before a death claim was made. But future bonuses aren't guaranteed, and the date of claim was also unknown. And as mentioned above the FAQs section did highlight that a policy could receive further bonuses if retained and there was no time limit placed on encashing a policy early. So, I don't find that Mrs M suffered a loss in this respect.

I know Mr M will be disappointed by my findings, but I don't think his Prudential has done anything wrong in providing Mrs M with the option to cash in her policy early.

**My final decision**

My final decision is that I don't uphold this complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask I'm required to ask Mr M on behalf of the estate of Mrs M to accept or reject my decision before 20 March 2020.

Daniel Little  
**Ombudsman**