

complaint

Mr S complains The Prudential Assurance Company Limited unreasonably delayed paying the maturity value of his endowment policy. And gave the wrong information to him and his adviser when he contacted it to establish what was happening.

background

Prudential upheld his complaint. It accepted it had not requested all the information it needed as soon as it should have done. And it had given the wrong information to Mr S and his adviser when they had asked what was happening. It offered to pay interest for the period of delay it said it was responsible for. It also offered to pay the costs Mr S incurred in making telephone calls to sort things out, and a sum of £100 for the trouble and upset caused. Mr S did not agree with what Prudential offered and so referred his complaint to us.

One of our adjudicators upheld the complaint. He said Prudential could have taken more active steps at an earlier stage. If it had done so Mr S would have received the payment due to him sooner. He did not think the period of delay Prudential accepted it was responsible for was right. He decided payment should have been sent to Mr S on the maturity date and Prudential should pay interest at 8% simple from then until payment was made.

He also said Prudential should pay another £150 in compensation to Mr S for the delay in payment, and the way it dealt with him when he contacted it.

Prudential did not agree with the adjudicator's decision. It said that even if it had requested the information it needed earlier, it would not have received this until after the maturity date. It also said it was not obliged to contact the banks that the policy had been assigned to, but did this as a gesture of goodwill. And it thought the interest rate it had used of 1% above Bank of England base rate was appropriate.

As agreement has not been reached the complaint has been referred to me to consider.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Prudential has already acknowledged it delayed in making payment to Mr S and provided the wrong information to him and his adviser. The only issues are what period of delay Prudential is responsible for. And what is a reasonable amount of compensation for that delay and the mis-information given to Mr S when he wanted to know what was happening.

The policy matured on 1 December 2014. Prudential's records indicated the policy had been assigned previously to a bank. But it was no longer clear which bank might have the benefit of any assignment.

Prudential had to get confirmation from various banks that none of them had an interest in the policy to make sure the maturity value was paid to the right party.

Prudential initially wrote to the banks on 10 November asking whether they had an interest in the policy. But it did not write to one of the banks it needed to until 24 November. It has

accepted it should have requested what it needed when it first wrote and is responsible for the delay in payment caused by its failure to do so.

But Prudential points out that if the information it requested on 24 November had been asked for on 10 November it wouldn't have been available until 8 December. This is based on the time it took the bank to respond to the later letter. It has also said it would take a further five days to process the payment. So it thinks it is responsible for the delay from when the cheque should have been sent on 15 December to when it was actually sent on 30 December.

I take the point Prudential is making. It is not responsible for the time it took the banks to respond. And if 10 November is used as the starting point for when information would have been requested it could not have issued the cheque on the maturity date as the adjudicator decided.

But I don't think Prudential are right to use 10 November as the starting point for calculating delay. In its response to Mr S's complaint Prudential said:-

"our maturity process normally starts approximately four weeks prior to the maturity date"

That suggests the initial letter to banks on 10 November was sent later than was normal for Prudential. It knew or should have known it needed information from various banks which might take some time to obtain. So I think it should have allowed at least four weeks, if not longer, to get that information. If it had done so I think all the information it needed is likely to have been available when the policy matured.

Prudential has said it is not obliged to write to lenders to check if they still have an interest. But it took on that responsibility in this case so I don't think that helps it. I also think it was good customer practice to do so.

I don't think there is any reason the cheque could not have been issued on or before the maturity date. I think Prudential are responsible for the delay from 1 December until payment was sent to Mr C on 30 December. Prudential has used an interest rate of 1% above Bank of England base rate when calculating the interest it thought was payable. But we normally use 8 % per year simple when someone has been deprived of their money. And I see no reason to depart from this.

Prudential has accepted it gave the wrong information to Mr S and his adviser when they asked what was happening with the payment due to him. Mr S wanted the money as soon as possible as he needed it for certain payments he wanted to make. I think the delay and mis-information about what was happening must have been very frustrating to Mr S.

I am not persuaded Prudential's offer of compensation is a fair reflection of the trouble and upset Mr S suffered. But I do agree the payment it made of £25 to cover his costs is appropriate.

my final decision

My final decision is that I uphold this complaint. I direct The Prudential Assurance Company Limited to pay Mr S interest at 8% per year simple on the maturity proceeds of his policy for the period from 1 December 2014 to 30 December 2014, less the interest it has already paid him.

I further direct The Prudential Assurance Company Limited to pay Mr S compensation of £150 for the trouble and upset caused in addition to the £125 it has already paid to him.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 3 September 2015.

Philip Gibbons
ombudsman