

complaint

Mr W complains about how The Prudential Assurance Company Limited (“Prudential”) dealt with his surrender request in respect of two policies.

background

In late July 2014 Mr W requested the surrender of two policies that had been assigned to him.

The funds in these two policies had been invested in ‘series 2 funds’. But it had been agreed that on surrender payment would be made on the basis the two policies had been invested in ‘series 1 funds’.

In mid August 2014 Prudential paid Mr W the ‘actual’ surrender value of the two policies (which had been invested in ‘series 2 funds’) based on a surrender date of early August 2014. It then, in late September 2014, paid Mr W a further sum which it says represented the difference between the sum it had paid in mid August 2014 and what it should have paid had the two policies been invested in ‘series 1 funds’.

Mr W complained to Prudential that the sum paid to him in late September 2014 was, in the absence of any calculations in support, incorrect. He also complained, given the delay in receiving the further sum that he did, that the surrender value of the two policies should be recalculated using a surrender date of late September 2014, rather than a surrender date of early August 2014.

This complaint was considered by one of our adjudicators who came to the view that Prudential had dealt with it fairly in sending Mr W a cheque for £468.66. Therefore he wasn’t minded to ask it to do anything more.

In summary Prudential had agreed to pay Mr W £143.66 interest on the sum that it paid him in late September 2014, but should have paid him in mid August 2014, together with £25 for telephone calls and £300 for distress and inconvenience.

However Mr W disagreed. Therefore the matter has been passed to me for review and decision.

my findings

I’ve considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. However, having done so, I agree with the adjudicator. There’s also not a great deal I can add to what’s already been said.

In the absence of any calculation to the contrary I’m satisfied that it is reasonable to rely on Prudential’s calculation in respect of the difference between the ‘series 1 funds’ surrender values and ‘series 2 funds’ surrender values and which was ultimately paid to Mr W in late September 2014. I’m also satisfied that these calculations have been forwarded to Mr W for his records.

I note that given the delay in Mr W being paid, in late September 2014 what he should reasonably have been paid in mid August 2014, he believes the surrender value of the two policies should be recalculated using a date of late September 2014, rather than early August 2014. However I disagree.

My role is to put Mr W in the position he would have been in if the delay on the part of Prudential hadn't happened. In this case had the delay not occurred Mr W would have received the additional payment he received in late September 2014 in mid August 2014. Furthermore he wouldn't have suffered the distress and inconvenience that he did or any of the additional costs that he did. However, he wouldn't have received enhanced, or indeed reduced, surrender values based on a later surrender date of the two policies.

With the above in mind, and Mr W having not suggested he ever incurred any direct costs (other than maybe some telephone call charges) as a result of the delay, I'm satisfied that Prudential's offer is a fair and reasonable one. This is because in my view Prudential's offer fairly and reasonably compensates Mr W for being deprived of the additional surrender value of both policies (for approximately two months), for his costs (such as telephone calls) and the distress and inconvenience he suffered.

my final decision

My final decision is that The Prudential Assurance Company Limited need do nothing more than pay Mr W, if it hasn't done so already, £468.66.

I appreciate Mr W will be disappointed by my conclusions. My final decision, however, represents the last stage of this service's dispute resolution procedure. Mr W doesn't have to accept my decision and if he doesn't do so, he will be free to pursue legal action against The Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 22 February 2016.

Peter Cook
ombudsman