complaint

Mrs R complains about the way in which The Prudential Assurance Company Limited handled her claim for money it owed her.

background

Mrs R took her benefits from her pension in 2005. She was sent a letter dated 7 March 2017 explaining that the calculation that'd been done when she took her pension had been wrong and had produced too low a figure. The letter set out how much she was owed and what the repayment options were. However, this was sent to Mrs R's previous address.

Mrs R eventually had the letter passed to her by the new owners. Having weighed up the options, she asked to be given the additional money as a lump sum – together with interest as compensation.

She then filled in and sent back the claim form on 14 May 2017. On the claim form she gave her correct address. However, Prudential wrote back to her previous address. This letter again confirmed the amount she was entitled to. It also included some general information and a request to fill in two more forms.

Because Mrs R didn't receive this letter, she chased Prudential on 29 June 2017. Prudential acknowledges she was promised a call back that day and that call wasn't made. They spoke on 3 July 2017 and Mrs R queried why there'd been no progress. Prudential said she needed to fill in two additional forms and sent these to her on 6 July 2017. However, these were again sent to her old address so Mrs R had to chase again. The forms were sent to Mrs R's correct address on 18 July 2017.

Mrs R complained. Prudential offered her £150 for the trouble and upset she'd been caused. But Mrs R didn't think this was enough and so complained to this service. She also asked us to consider the amount of compensation she'd been offered overall to make sure she hadn't lost out.

An investigator was satisfied the interest Mrs R had been paid was enough. But she didn't think £150 was enough compensation for the trouble and upset that'd been caused. She instead recommended Prudential pay Mrs R £300.

Mrs R agreed but Prudential didn't. The complaint was therefore passed to me for a decision. In the meantime, Prudential paid the compensation that'd been agreed (the underpayment and the interest). It covered the cost of paying this by telegraphic transfer as a gesture of goodwill to speed up payment.

I had some questions about why Prudential hadn't added interest at a rate of 8% simple a year – as this service often recommends. I therefore asked Prudential for a breakdown of the interest paid, together with the justification for it.

Prudential explained it doesn't believe interest of 8% simple a year is always correct. And it explained that the option Mrs R has now taken to receive the money wouldn't have been available to her in 2005 – so she hasn't been deprived of all of the money for all of the time. However, it offered to make up the interest it'd already paid so that in total Mrs R will have been paid interest on the underpaid amount at a rate of 8% simple a year. Mrs R confirmed she was happy with that.

my findings

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

Prudential has now offered to pay Mrs R interest of 8% simple a year on the amount it calculated she was underpaid – up until the date the payment was made. In the circumstances here, I'm satisfied I wouldn't award more than that so I haven't considered this further. I've therefore gone on to consider what a fair amount of compensation is for the trouble and upset Mrs R was caused.

Prudential has acknowledged there were failings in terms of not calling Mrs R back when it'd said it would. It's also acknowledged there were failings in terms of the address Mrs R's correspondence was sent to.

It says it has two records for Mrs R – one relating to her exited pension and one relating to her current annuity payments. It seems the exited pension record was an old record not usually used anymore that contained her old address. Whereas the annuity payment record is the one that's used now for her annuity payments and so contains her new address.

Unfortunately it seems that when a letter was generated to let Mrs R know about the 2005 error, that was sent to the address held on the record for her exited pension and wasn't cross-referenced with the address held on the active annuity record.

This error resulted in personal financial information being sent to an address Mrs R no longer lived at. Mrs R then gave her correct address on the claim form. But Prudential responded to her old address and her old address was again incorrectly used when she chased her claim.

Mrs R says this caused her a lot of trouble and upset. She knows the people who now own her old house. And when she was given the letters, one of them had been opened. She says she doesn't feel comfortable with the fact the new owners now know details of her financial circumstances.

I accept what Prudential says – the new owners shouldn't have opened the letter they did. But I can't ignore the fact that situation was foreseeable and was created by the fact Prudential sent an important letter to an old address for Mrs R – despite holding the right address for her. Mrs R wouldn't have found herself in the position she did if an error hadn't been made. And then even when she clearly set out her current address, two further letters were still sent to her old address.

Prudential feels its offer of £150 is in line with awards that have been made in other similar cases. But in this case there are two key things that satisfy me a higher award is reasonable: the impact the address error had on Mrs R; and the fact it wasn't a one-off error. I think the £500 compensation Mrs R asked for is too high. But having carefully considered what Mrs R has said about the impact on her, I'm satisfied the £300 the investigator recommended is fair and reasonable in the circumstances.

my final decision

My final decision is that I uphold Mrs R's complaint and require The Prudential Assurance Company Limited to:

- Pay Mrs R (in line with its offer) the interest it would have paid if it'd given interest of 8% simple a year when it paid compensation – less the interest it actually paid at the time.

- Pay Mrs R £300 for the trouble and upset its errors caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 19 February 2018.

Laura Parker
ombudsman