

The complaint

The estate of Mr W has complained after The Prudential Assurance Company Limited (Prudential) paid out two distributions which they said were in error, before requesting the funds were returned.

What happened

The late Mr W passed away in April 2021. An advisory firm were assisting the estate with financial matters.

Mr W held an 'inheritance bond' with Prudential. Which consisted of a whole of life policy and an endowment policy. They received proceeds from the whole-of-life part of the plan which was in trust on 27 October 2021.

Prudential subsequently noted that distributions had incorrectly been paid to the estate in June and September 2021. They say this was because they weren't made aware of Mr W's date of death from the advisers until September 2021.

Prudential asked the estate to repay the distributions (approximately £9,100) before they release the remaining value of the second plan (approximately £3,700). The estate of Mr W are unhappy with this. They say it wasn't their fault the distributions had been made and argued that there was a delay in receiving all proceeds which had caused them financial loss, so they complained.

Prudential say the estate weren't entitled to the distributions and that they were paid in error through no fault of theirs. They maintain that the amount should be returned.

The estate of Mr W wasn't happy and brought the complaint to our service for review. An investigator looked into it, but didn't think Prudential were at fault and didn't think it was unfair of them to ask for the amounts back.

The estate of Mr W remained unhappy. As no agreement was reached, the case has been passed to me for a decision.

What I've decided – and why

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

Having done so, I have reached the same conclusion as the investigator. I'll explain why.

The estate of Mr W's adviser contacted Prudential in May 2022, to advise of Mr W's passing. They were told that Prudential needed a death certificate and date of death (which they didn't have at the time they made the call). This was needed to stop the policy and ensure the quarterly distribution payments didn't continue.

The advisory firm have acknowledged separately they should have made Prudential aware earlier of the necessary information. They have taken responsibility of this and made an offer of compensation for any delay in the estate receiving due proceeds.

I don't believe Prudential have done anything wrong. The payments were made in line with the policy terms and conditions. They didn't have the necessary information in May 2022 to stop the policy and so I don't think they have made an error.

It follows that the estate has received funds (£9,1000 approximately) that they weren't entitled to and have incorrectly had the benefit of. I can't say Prudential are doing anything wrong in asking for this money to be returned.

My final decision

My final decision, for the reasons set out above, is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr W to accept or reject my decision before 11 November 2023.

Yoni Smith
Ombudsman