

The complaint

Mr C has complained about the maturity value of his Scottish Friendly Assurance Society Limited ('Scottish Friendly') with-profits savings policy. He said he was told just before the policy was due to mature that it would provide £8,128 at maturity. However, when it did mature, he only received £7,547. Mr C thought this wasn't right.

What happened

Mr C had a with-profits savings plan that was due to mature on 18 February 2023. He was sent a 'maturity pack' on 7 January 2023 that said the estimated maturity value was £8,128.54. This figure included an estimated final bonus amount of £2,322.44. This letter said that the final bonus amount wasn't guaranteed.

The policy matured and Mr C received only £7,547.93. Mr C then contacted Scottish Friendly on 16 February 2023 asking why the maturity value had fallen so sharply when the stock market had risen over the same period. He also noted that the plan matured a few days early and thought this might have affected the value of it.

Scottish Friendly responded shortly afterwards and provided some further information about the final value of the policy. It said the maturity value that Mr C had been quoted in the maturity pack was incorrect, this is because it was based on a wrong number of years. It said Mr C had received the correct amount from the policy.

Scottish Friendly went on to treat Mr C's query as a complaint. And in the final response letter to this complaint, it said that whilst it was disappointing Mr C had received less than he was quoted in the maturity pack, it was satisfied the amount he received from the policy was correct. And any amounts he was quoted earlier were only indicative and the final amount would only be known when the policy matured. The fact that the policy proceeds were paid a few days early didn't affect the value of it.

Mr C didn't agree, and he brought his complaint to the Financial Ombudsman. Our Investigator asked for some further information about the final bonus calculation as she understood that by the time Mr C received his maturity pack it had been declared, and so this change was unexpected.

Scottish Friendly has explained that the maturity pack contained an incorrect final bonus figure. It said the final bonus had already been set on 1 January 2023. The maturity pack should have told Mr C that on maturity he would receive a sum assured of £5,039, an annual bonus of £767.10 and a final bonus of £1,741.83. Giving a total of £7,547.93. Scottish Friendly has said the maturity pack used bonus rates from the previous year in error. This means the maturity pack contained an incorrect final bonus amount of £2,322.44, the other amounts were correct.

Our Investigator then considered the complaint and upheld it. She said Scottish Friendly had provided incorrect information to Mr C in error. And whilst Mr C had received the correct policy amount, she felt it should pay £50 compensation for the inconvenience this error had caused him.

Mr C didn't agree with the compensation amount, he said if Scottish Friendly had explained straight away that it had made a mistake then he would have been satisfied. But as they didn't do this, and he had to go through the complaint process, a higher amount was reasonable.

And Scottish Friendly hadn't thought the complaint should be upheld at all. It said the maturity pack informed Mr C that the final bonus was an estimated amount and could change. Which is what did happen. And Mr C hadn't lost out financially.

As no agreement has been reached the complaint was passed to me and I'm now issuing my Final 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.

Scottish Friendly says Mr C was informed that the final bonus part of the policy maturity payment could change. And as this is what happened, then his complaint about receiving a different maturity value shouldn't be upheld.

I do accept that Mr C was informed the maturity value was essentially an estimate, and he may not receive the amount the maturity pack showed. But this statement is included to ensure it was clear to Mr C the investment is risk bearing and the final value of it can change due to these investment risks. Scottish Friendly is right to give this warning.

But at the time the maturity pack was sent Scottish Friendly did know what the final bonus would be. And the actual final amount the investment would provide didn't change from when the maturity pack was sent to the time it matured.

What has happened here is that Scottish Friendly provided incorrect information to Mr C. And this was due to an error on its part. So, I don't think it's fair for Scottish Friendly to rely on the risk warning in this case. Scottish Friendly should have provided correct information to Mr C, and if it had done this, I don't think he would have needed to seek clarification about his policy maturity amount. I agree this has caused him some distress and inconvenience and he should be compensated for this.

That said, Mr C has received the correct amount from the policy. So, he hasn't lost out financially. He has suffered a loss of expectation, but I think the mistake was explained relatively quickly and in one of the first email communications he received after he queried the maturity amount. So, I think this loss of expectation is very modest.

Because of this, I think the amount of compensation the Investigator awarded is reasonable and my decision is that Scottish Friendly should pay Mr C £50 compensation.

Putting things right

Scottish Friendly should pay Mr C £50.

My final decision

For the reasons I've explained, I uphold Mr C's complaint.

Scottish Friendly Assurance Society Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 February 2024.

Andy Burlinson
Ombudsman