

The complaint

Ms C complains about transfer restrictions imposed on her transfer of pension by the Prudential Assurance Company Limited (Prudential).

What happened

Ms C said she wanted to transfer the cash equivalent transfer value (CETV) of her small defined benefit pension into her existing Prudential pension account. It told her it wouldn't accept the transfer unless she took independent financial advice. She didn't feel this was needed as there was no legal or regulatory requirement for this as it was only worth about £14,000. She said she was financially astute and held relevant financial qualifications. She'd already made one defined benefit transfer and paid around £6,000 for advice to do this. She now wanted to add this small amount on the same basis. She thought Prudential could take a common sense approach and avoid putting her to further expense. She'd been quoted £2,000 for advice on this small transfer which equated to 14% of the transfer value.

Prudential accepted that there was no regulatory requirement to have financial advice but it'd made a policy decision to make sure customers were fully aware of the decision they were making. It accepted that she may well be financially astute and able to make her own decision but its policy requirement still applied.

The investigator said the Prudential had made a commercial decision to impose a requirement for independent financial advice before it accepted a defined benefit transfer. This was a commercial decision that Prudential were entitled to make and this service couldn't direct it to adopt a different approach.

Ms C didn't agree. She said that given she'd recently had advice from an IFA on another transfer to Prudential it didn't seem likely that a further small transfer of a trivial commutation should be deemed inappropriate or to the detriment of any safeguarding given the quality of the new scheme vs the former scheme. Their requirement for advice was against the spirit of the pension reforms in 2015 and potentially left her worse off. Prudential hadn't highlighted their concern given her documented investment objectives. Their blanket policy was unfair and not client focused.

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.

I need to consider whether Prudential has done anything wrong. I can understand that Ms C is frustrated at being put to further expense to make another transfer. But Prudential isn't under an obligation to accept a pension transfer in. It is at its discretion whether it wishes to do so. Transfers from defined benefit schemes are more complex. It is open to Prudential to

impose their own policy requirements before they will accept a transfer in. That decision is a commercial one for Prudential and one I cannot interfere with. The law doesn't require Prudential to accept the transfer and nor does it prevent it imposing requirements such as the need to take financial advice before transfer.

So I don't think Prudential has been unreasonable in its request and I cannot direct it to remove it.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 3 July 2020.

Colette Bewley
Ombudsman