

The complaint

Mr M has complained about The Prudential Assurance Company Limited. He's unhappy about the way a pension transfer was handled.

What happened

Mr M held a Personal Pension with Prudential. He was approaching retirement and met with an adviser initially in January 2019, with a final meeting on 4 April 2019. The retirement date on his pension was 1 April 2019.

After the final meeting he was provided with a suitability report. This included a pension valuation of just under £312,000. The report explained that this valuation was correct at 25 January 2019 and wasn't guaranteed.

Mr M agreed charges with Prudential and a transfer value net of charges was quoted which was just over £305,000. He went ahead with the transfer. He then received a sum into his retirement account which was similar to the net sum he expected. But after making further enquiry, he discovered that the sum transferred was actually less than he expected by over £6,000 as charges had not been deducted.

Mr M complained to Prudential. It investigated his complaint but didn't uphold it. It explained that there had been a reduction in the fund value due to annual bonuses that were applied from 1 April 2019. The final bonus replaced the interim bonus that had been included in the fund value in January 2019. The advice had explained that the value wasn't guaranteed.

Mr M didn't agree and asked for the complaint to be reconsidered. Prudential reviewed the complaint and then decided that it should be upheld in part. It accepted that there had been some failings in the way it had handled the original complaint. It also explained that there had been a system error which meant that at the time of the final meeting on 4 April 2019 the correct fund value was not shown. This was because Mr M's retirement date was 1 April 2019 and the system would not be updated to show the correct value until his retirement date was deferred. This didn't take place until 11 April. So the valuations visible to the adviser between 1 April and 11 April would have been the value from March 2019 and wouldn't take into account the impact of the annual bonus.

Prudential offered £200 for the trouble and upset its errors may have caused.

Mr M didn't accept and referred his complaint to this service.

An investigator considered the complaint. He explained that he didn't think Mr M had suffered any direct financial loss. He had received the correct transfer value although it was less than he expected. However, he didn't feel that the offer of £200 adequately reflected the trouble and upset caused. He recommended that Prudential increase the offer by £150 but it didn't agree. It said its offer was fair in all the circumstances.

As no agreement has been reached the case has been referred to me for a 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.

I agree with the adjudicator. I uphold this complaint and I think the proposed award of £350 is fair in all the circumstances.

I can understand why Mr M feels that his losses are much greater than this. But I agree that he has not actually lost the difference between the actual transfer value and the amount he expected. The actual transfer value he received was the correct value when the transfer took place. That was the amount that was correctly due to him.

I don't think Mr M would have made a different decision about the transfer if he had been told the correct value on 4 April 2019. He would no doubt have been disappointed, but I think he would have gone ahead and I think he would have agreed the same fee which was a percentage of the transfer value.

So I think Mr M has suffered a loss of expectation, but not an actual loss.

Prudential accepts that Mr M's expectations were raised by a systematic error which meant that an 'old' and inaccurate valuation was showing on its systems after 1 April 2019.

Prudential has also accepted that Mr M's original complaint was not handled as well as it should have been.

Prudential offered £200 for trouble and upset. I think an award of £350 is more appropriate. Mr M was led to expect a transfer value which would have been over £6,000 higher. Whilst he had been told that the value wasn't guaranteed, the fact is that but for a system error he would have known the correct value and been in a position to make a fully informed decision. He would still have had some disappointment when he was told of the lower value, and I think he would probably have gone ahead with the transfer anyway. However, his disappointment can only have been exacerbated by finding out about his 'loss' in the way that he did and being taken by surprise. He wasn't told about it, and it was only confirmed after he made his own enquiry.

Additionally, Prudential accepts that it didn't handle his original complaint in line with its normal processes, and accepts that its initial decision was incorrect. I think these factors can only have added to Mr M's frustration. It seems that it was only his persistence to have his complaint reviewed that led to a full explanation being provided, the system error being discovered, and a correct outcome being reached.

I'm satisfied that in these circumstances an award of £350 is fair.

My final decision

I uphold this complaint about The Prudential Assurance Company Limited. It must pay Mr M £350 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 June 2020.

Keith Taylor
Ombudsman