

## **The complaint**

Mr B complains that The Prudential Assurance Company Limited failed to effectively monitor his pension investments and so prevent a fall in their value. He complains that he was told it would take 28 days for a switch of his investments to be applied. And he says that Prudential has failed to correctly report the withdrawal of his pension savings to HMRC resulting in a delay to the payment of a tax refund.

## **What happened**

Mr B held pension savings with Prudential. In 2016, when he turned 55 years of age, Mr B transferred those pension savings into a Pension Choices Plan that allowed him to take advantage of a flexi-access income drawdown option. At that time he took the maximum pension commencement lump sum (also known as tax free cash) permitted by the legislation. And he instructed Prudential to invest the remainder of his pension savings in its PruFund products. Prudential didn't provide any advice, or a recommendation, to Mr B before he completed the transfer.

Mr B says that he kept a close eye on the value of his pension savings. He says that they were valued at around £51,000 in March 2020. But, by the start of the following month, they had fallen to around £47,000. He says that, at that time, he contacted Prudential and asked if he could move his pension savings into a different investment fund. Prudential explained to Mr B that, in line with its terms and conditions, it would take 28 days for that transfer to be completed.

Mr B was unhappy waiting that long for his pension investments to be transferred. So he instead instructed Prudential to withdraw the whole amount and pay it to him. But when Prudential reported that transaction to HMRC it made an error, and appears to have reported it twice. So Mr B says that HMRC has been unable to pay him the rebate of the tax that Prudential was required to deduct from his payment until the end of the tax year.

Prudential has looked into Mr B's complaint. It didn't agree that it was responsible for the fall in value of Mr B's pension investments, and thought that it had correctly advised him of its terms and conditions in relation to any changes to his investments. But Prudential accepted that it had given incorrect information to HMRC, and hadn't dealt with Mr B's complaint as quickly as it would have hoped. So it paid Mr B £600 in compensation for the trouble and upset he'd been caused, and offered to pay him interest on the delayed tax rebate once it had been paid by HMRC.

Mr B didn't think the compensation Prudential had paid was sufficient so he brought his complaint to this Service. The complaint has been assessed by one of our investigators. He didn't think Prudential had done anything wrong either in terms of its management of Mr B's pension investments, or what it told him about transferring those funds. And he thought that the compensation Prudential had paid Mr B in relation to the incorrect information supplied to HMRC was fair. So he didn't think Prudential needed to do anything further.

Mr B didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

### **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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr B and by Prudential. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I have looked at the paperwork that was completed in 2016 when Mr B decided to transfer his pension savings to the Pension Choices Plan. From that I am satisfied that Prudential simply acted on his instructions and didn't provide him with any offer of ongoing advice or management of his pension savings. Mr B chose to invest his pension savings into the PruFund investment funds. And as part of the paperwork he was sent at the time, Prudential explained some of the risks he needed to bear in mind. One of those was that Mr B himself was responsible for deciding which funds he should invest in, and so his choice might not match his attitude to risk, or his future income objectives.

So I don't think Prudential owed any ongoing responsibility to Mr B to ensure the continued, or initial, suitability of his chosen pension investments. But I think there should reasonably be an expectation that Prudential would professionally manage the PruFunds in which Mr B placed his pension savings.

Mr B's complaint is about a fall in value of those funds between March and April 2020. At that time there was significant market turmoil resulting from the start of the global coronavirus pandemic. I don't think those events could have been reasonably foreseen and so many investment funds saw large falls in value at that time. But it should be remembered that the PruFund investments were intended to be held in the medium to long term. So falls in value from time to time might be expected. I can see Prudential has provided details to Mr B of a number of instances over the past years when similar falls have occurred. I haven't seen anything to make me think Prudential has failed in its duties in regard to the management of the investment funds.

The PruFund investments operate by attempting to smooth out some of the normal fluctuations in value that might be expected. So, in times of good performance, some of the gains are retained by the fund. And those are then released back to the investments in times of poor performance to provide a less volatile return. But operating in that way requires Prudential to put some safeguards in place to ensure that all investors are treated fairly. So, generally, Prudential would require 28 days' notice before investments can be transferred to another investment fund. That waiting period is clearly explained in the terms and conditions for the products.

When Mr B asked to transfer his investments in April 2020 Prudential made him aware of that 28-day delay. Whilst I have no doubts how disappointing that information would have been for Mr B, I don't think that Prudential acted incorrectly by requiring the delay to be enforced. And given what I have said above about Prudential not providing any advice service, it was for Mr B to decide on his next course of action. Prudential says that it suggested he might want to seek some financial advice. But ultimately that wasn't something that Prudential could have, or should have, required Mr B to do.

Mr B chose to withdraw his pension savings. So he asked Prudential to complete the sale of his investments and pay him the proceeds. Prudential provided Mr B with an indication of how long that process might take. But Prudential actually completed things sooner and paid the proceeds to Mr B. HMRC required Prudential to deduct basic rate taxation from that payment – and Prudential told Mr B that if he found that too much tax had been deducted he could get in touch with HMRC to ask for a rebate.

But the information that Prudential sent to HMRC about the payment it made to Mr B was incorrect. Prudential says that it had a systems problem that it was initially unaware of, and then took some time to correct. But it says HMRC now has the correct information.

I can appreciate how frustrating those problems might have been for Mr B. Any rebate that he would have been due will have been delayed whilst Prudential corrected the information it was sending to HMRC. But I can see that Prudential has paid £600 to Mr B to compensate him for the trouble and upset this has caused to him. And it has offered to pay him interest for any delay once any rebate has been paid by HMRC. I think that what Prudential has done here is fair and reasonable. So I don't think it needs to do anything more in regard to this part of Mr B's complaint.

In summary I don't think that Prudential has done anything wrong in the way it managed Mr B's pension savings, or in its response to his request to transfer his funds to different investments. And I think the compensation it has paid to him in relation to the incorrect information it supplied to HMRC is fair.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any award against The Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 July 2021.

Paul Reilly  
**Ombudsman**