DRN-2313361

Financial Ombudsman Service

The complaint

Mr H complains that The Prudential Assurance Company Limited failed to make a payment to him from his pension in a timely manner.

What happened

Mr H holds pension savings with Prudential. On 17 December 2019 his advisor requested a payment of £10,000 to be made to Mr H from those pension savings. His advisor completed the required paperwork and sent the documentation off to Prudential. He asked Prudential to advise if it also needed a physical copy of the payment instruction.

Prudential did in fact require a physical copy of the instruction but it failed to make the advisor aware of that until he chased the payment on 10 January 2020. He sent the documentation to Prudential which was received four days later. Prudential processed the payment instruction on 28 January and it was paid to Mr H's bank account on 3 February.

When Mr H complained to Prudential it accepted the entire responsibility for the delay. It didn't think that Mr H, or his advisor, had done anything wrong. It agreed to pay Mr H compensatory interest for the time that his payment had been delayed. And it paid him a further £150 to reflect the trouble and upset he'd been caused.

Mr H didn't think the payment Prudential had made was sufficient – he pointed out that he'd paid £400 to his advisor for his work on the withdrawal and thought that would be an appropriate amount of compensation for Prudential to pay. So he brought his complaint to this service.

Mr H's complaint has been assessed by one of our investigators. He didn't think it was reasonable to ask Prudential to make a payment equivalent to the entire advice fee – he pointed out that ultimately Mr H had received the advice he wanted. But he thought that Prudential should increase the amount of compensation it had paid to Mr H to a total of £200 – so he asked Prudential to pay a further £50 to Mr H.

Prudential didn't agree with that assessment. It said that trouble and upset payments were subjective so, as long as the investigator didn't think the offer it had been made to be "totally out of the ballpark", it saw little benefit in a small increase. It thought that the payment it had made had been fair and reasonable. 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. If Mr H accepts my decision it is legally binding on both parties.

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.

Prudential has already told us that it accepts full responsibility for the delay to Mr H's payment. I don't therefore need to decide whether something has gone wrong. Instead this decision will need to set out what I think it is fair and reasonable for Prudential to do to make

up for that delay.

In terms of a direct financial loss Prudential has paid Mr H interest at a rate of 8% simple to cover the period his payment was delayed. I think that is exactly what I would have asked the business to do, so I don't think there is anything further needed in respect of the direct financial cost of the delay.

But I also need to consider any trouble or upset that the delay has caused to Mr H. That is also something Prudential looked at when it paid compensation to Mr H. It paid him a sum of £150 for that trouble and upset. And that payment is what our investigator thought should be increased to a total of £200. Mr H told our investigator that he would be willing to accept that assessment.

Mr H has explained that he withdrew the money from his pension to complete the repayment of his mortgage. He has said that he considered that to be a significant event in his life, and something that he had been greatly looking forward to. So, since that repayment was delayed by Prudential, he feels that the event was tainted and spoiled. He says it was something that he had worked all his life to achieve.

As Prudential itself has said, the calculation of a payment for trouble and upset is subjective – there quite rightly isn't a formula that produces an answer. And the same event might cause different degrees of trouble or upset for different consumers. So for example Mr H might have been wanting the withdrawal to pay for an event several months later – and so in that case a delay might not have caused him any material upset other than some annoyance or inconvenience at having to chase the payment.

But here, Mr H has explained the great weight and anticipation that he had placed on the repayment of his mortgage. And by not having the funds available as expected at the end of 2019 he needed to defer that repayment and ask his mortgage provider for a new redemption figure. I can understand that he might have wanted to start the new year "mortgage free" and those hopes were dented by the delay that Prudential caused.

I am disappointed, and somewhat surprised, that Prudential didn't accept our investigator's recommendation on the increase to this payment. I cannot agree that there is "little to be gained" from a small increase – but I would also point out that the increase our investigator recommended was actually 33%, so not "small" in my estimation. And Prudential didn't provide us with any relevant reasoning why it considered the recommendation made by our investigator to be unfair or unreasonable, when it asked for an ombudsman to decide the complaint.

I haven't seen anything that makes me think that the recommendation our investigator made was unfair or unreasonable. And I would agree with his assessment that the trouble and upset caused, in the specific circumstances that Mr H has described, does warrant a greater payment than the £150 that Prudential has offered. But I have taken into account that Mr H accepted our adjudicators recommendation. And so, given that this Service is set up to resolve complaints informally and more quickly that might be the case if the matter were considered by the Courts, I am not going to ask Prudential to do more than our investigator recommended.

Putting things right

Prudential has said that it has already paid interest to Mr H to reflect the period that the delay left him without the money he'd asked to withdraw. And it says that it has paid him £150 for the trouble and upset the matter has caused to Mr H. If these payments haven't already been made, they should be made in response to this final decision.

I think a total payment of £200 for the trouble and upset Mr H has been caused is a fairer reflection of the situation. So I direct Prudential to pay a further £50 to Mr H.

My final decision

My final decision is that I uphold Mr H's complaint and direct The Prudential Assurance Company Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 December 2020.

Paul Reilly
Ombudsman