

The complaint

Mr B complains The Prudential Assurance Company Limited (Prudential) gave his financial adviser incorrect and misleading information which led to a financial loss and a loss of expectation.

What happened

Mr B held an investment with Prudential and following discussion with his financial adviser decided to proceed with a transfer to another provider.

On 14 March 2020, Prudential received an instruction to disinvest and transfer his investment.

On 17 March 2020, his financial adviser contacted Prudential to follow up on the status of the transfer request. He was told during this call the investment had been disinvested and was now held in cash. The adviser contacted Mr B and told him the disinvestment had been undertaken and this was good news as Prudential had announced a Unit Price Adjustment (UPA) which it appeared would not be applied to Mr B's investment as it had already been disinvested.

On 18 March 2020, the financial adviser contacted Prudential again. He had reviewed the status of the transfer on the adviser portal and it looked as though the investment was still held in units, meaning the disinvestment hadn't been carried out. The Prudential representative confirmed that the request had been raised but the disinvestment had not yet started, and this meant the UPA would be applied to the investment. This would mean a significant reduction to Mr B's funds.

Mr B was obviously very upset to receive this news. He felt Prudential had deliberately delayed the disinvestment for financial gain whilst causing him a financial loss and he raised a complaint with Prudential.

Prudential issued a final response, in which it partially upheld his complaint.

Prudential acknowledged Mr B's financial adviser had been given misleading and incorrect information during the telephone call on 17 March, but it also pointed out that the transfer had been carried out within its service level agreement timescales. It said the application of a UPA was driven by market volatility and the terms and conditions of Mr B's investment clearly stated when it could be applied. As the transfer request had already been placed, the UPA would stand even if Mr B had decided to switch funds and so no financial loss had been sustained as a result. It acknowledged the application of the UPA was delayed by two working days, and as such this was a reportable breach, which had been registered with the Financial Conduct Authority (FCA). It said it appreciated this had caused Mr B avoidable upset and as such it offered £150 compensation by way of apology.

Dissatisfied, Mr B brought his complaint to this service.

An investigator looked into things for Mr B. He agreed with Prudential that the UPA would have been applied in any event and as such the misinformation Mr B's adviser had been given did not cause a financial loss to Mr B. But he felt it had caused a significant loss of expectation. In his view, he asked Prudential to increase its compensation to £500.

Prudential didn't agree. It said whilst it acknowledged the information provided was misleading, it had corrected it within 24 hours and as such it felt £150 was fair and reasonable compensation. It asks for an ombudsman review.

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.

Having done so, I've reached the same outcome as our investigator. I'll explain why. 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.

First, I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here.

Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

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.

There's no dispute here that Mr B's adviser was given misleading information by Prudential. The question I have to consider is what impact that information had, did Mr B suffer a financial loss or a loss of expectation as a result and if so, what would be a fair and reasonable way to put things right.

I have considered the submissions made by Mr B regarding deliberate attempts by Prudential to frustrate the process for its own financial gain. I don't agree, but I can well understand Mr B's frustrations. I understand he has had less than satisfactory dealings with Prudential in the past and so on discovering his investment had not been disinvested prior to the announcement of the UPA I can see why he would have been upset.

In this case Mr B has seen his fund reduce by a significant sum, that he initially thought had been avoided. That said, although misinformed, Prudential did carry out the instructions within its service level agreements. It has already explained why the application of a UPA is regrettable and doesn't mean it has made any financial gain in applying it, so I don't intend to cover this again here.

I have also listened carefully to the telephone calls between Prudential and Mr B's adviser. It is clear from them that Mr B was aware a UPA could be applied due to the market conditions at the time and his adviser indicated a discussion had already taken place, but on balance Mr B was still of the view he wished to proceed with the transfer.

I appreciate Prudential makes the case that within 24 hours, the correct information had been provided, as his adviser was informed on the telephone call of 18 March 2020 that the funds hadn't been disinvested into cash and the information, he had been given on 17 March 2020 was incorrect. But this was only because the adviser had checked the portal and was concerned about the information about the investment. Had the adviser not been quite so diligent, this information would only have come to light when the UPA was applied some two days later.

The adviser also clearly points out to Prudential during these telephone calls that he had acted on the information it provided and advised his client that the disinvestment had been carried out and a UPA avoided, only to have to call him back 24 hours later and advise him otherwise. The impact of the UPA was a significant reduction and so I agree with the investigator that Mr B did suffer a significant loss of expectation.

For these reasons I'm persuaded the compensation suggested by Prudential should be increased to reflect the impact this had on Mr B.

My final decision

For the reasons I have given I uphold this complaint and I direct The Prudential Assurance Company Limited to:

- Pay £500 compensation to Mr B for the loss of expectation and the trouble and upset this matter caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 July 2021.

Wendy Steele
Ombudsman