

## **The complaint**

Mr H complains that The Prudential Assurance Company Limited has failed to compensate him fairly for delays it caused in the transfer of his pension savings to another provider.

## **What happened**

Mr H held pension savings with Prudential. I understand that he had been discussing the transfer of those pensions savings for much of 2019. But the complaint Mr H has made relates to what happened after a letter of authority was sent to Prudential in October 2019.

Mr H asked Prudential to send information to his financial advisor about transferring his pension savings from Prudential to a new provider. Prudential has accepted that it failed to provide that information in a timely manner. It says that the transfer should have completed by 30 December 2019, but in fact the funds weren't sent until 15 May 2020.

Prudential has paid some compensation to Mr H. In total it has paid him £450 to reflect the poor service he received, both in terms of the original transfer, and in calculating whether any compensation should be paid for loss of investment returns. But Prudential's later calculations didn't ultimately suggest that Mr H had lost out due to the delays in his pension savings being transferred.

Mr H was unhappy with the compensation that Prudential had paid so he brought his complaint to this Service. The complaint has been assessed by one of our investigators who thought that Prudential needed to do more. He noted that Mr H had been prevented by the delay from taking his pension commencement lump sum (PCLS - also known as tax free cash) for almost six months. So he asked Prudential to compensate Mr H for the loss of the use of those funds over that time.

Prudential didn't agree with our investigator's assessment. It thought that any compensation that would be due for the loss of use of the funds was more than offset by the increase in value of Mr H's pension savings. 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.

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 H and by Prudential. Where the evidence is unclear, or there are conflicts 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.

There seems to be little dispute that Prudential failed to deal with Mr H's request to transfer

his pension savings in a timely manner. I have considered the delay that Prudential thinks it caused and find its assessment reasonable. Although Mr H first provided a letter of authority to Prudential in October 2019 there would have been a period of time following that for the required paperwork to be issued to him, for it to be completed and returned to Prudential, and for the funds to be transferred to the new provider. Based on the time it took for that to be completed when the transfer did go ahead, I think basing an assessment of the delay on a date of 30 December 2019 is reasonable.

There are two aspects that I should reasonably consider when looking at that delay. After the funds had been transferred to the new provider in May 2020 Mr H took his PCLS. So he would have been without the use of those funds for almost six months. I understand that Mr H's pension savings were held in cash with Prudential during the time of the delay in anticipation of the transfer. So he might also have lost out on some investment returns on the remainder of this pension savings during the delay.

Where a consumer has been deprived of the use of funds, I would normally direct a business to pay simple interest for that period at a rate of 8% per annum. I haven't seen anything that makes me think that shouldn't be my approach here. So I will be directing Prudential to pay that interest to Mr H.

The calculations performed by Mr H's new provider show that in fact he is better off because of the delay in transferring his remaining pension savings. As I said earlier, the monies were held in cash by Prudential. And during the period of the delay there was a large fall in the global stock markets due to the onset of the coronavirus pandemic. So I'm not surprised that, since Mr H's pension savings were not invested at that time, he was largely insulated from those market falls. So I don't think there is any further compensation that Prudential needs to pay to Mr H in respect of the investment returns he might have achieved over the time of the delay.

Prudential has said that I should consider offsetting the interest I am awarding for the loss of use of the PCLS funds against the notional investment gains that Mr H has made. But I don't agree. I think the matters should be considered entirely separately. During the period of the delay Prudential had the use of Mr H's pension savings – since they were held in cash. So Mr H should rightly be compensated for that. The notional gains that Mr H has made on the remainder of his pension savings have not come at any cost to Prudential – so since Prudential is not paying those gains, I don't think it should benefit from them.

It is clear that Prudential's levels of service to Mr H fell well short of what he should expect. And I can see that this has caused him trouble and upset, both in the time he spent chasing the transfer, and in the delays he experienced in putting his retirement plans into action. I have thought carefully about what might be an appropriate level of compensation for that trouble and upset. But having done so I have concluded that the payments Prudential has already made – totalling £450 – are a fair reflection of what might be considered reasonable.

### **Putting things right**

I don't think that Mr H has suffered any investment losses as a result of the delays to his transfer. And I think the compensation that Prudential has paid to Mr H for the trouble and upset he's been caused is reasonable.

But Prudential needs to pay compensation to Mr H for the loss of use of his PCLS funds during the period of the delay. So Prudential should pay Mr H simple interest at a rate of 8% per annum on the amount of Mr H's PCLS (£17,4773.43) from the date the transfer should have completed (30 December 2019) to the date the transfer was made (15 May 2020). HM Revenue & Customs requires Prudential to take off tax from this interest. Prudential must give Mr H a certificate showing how much tax it's taken off if he asks for one.

### **My final decision**

My final decision is that I uphold part of 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 15 July 2021.

Paul Reilly  
**Ombudsman**