

The complaint

Mr and Mrs T complain that The Prudential Assurance Company Limited didn't notify them of a Unit Price Adjustment which affected the value of their Individual Savings Accounts.

What happened

In mid-March 2020 Mr and Mrs T instructed their financial adviser to cash in their Individual Savings Accounts (ISAs) which were invested in a fund. A request was submitted to Prudential on the same day.

The next day a Unit Price Adjustment (UPA) was applied to the fund in which the accounts were invested before they were cashed in. This meant that Mr and Mrs T received a lower amount than they expected. Mr and Mrs T complained to Prudential saying they and their financial adviser weren't given sufficient notice about the UPA being applied.

Prudential looked into things and said they aim to publish details of a UPA by close of business on the day it is applied; which they did. They went on to say their account managers aim to follow up the UPA notification providing further clarity, however this didn't happen. So to apologise for the upset and lack of clarity Prudential offered Mr and Mrs T £50 each.

Mr and Mrs T remained unhappy so brought their complaint to our service. They said weren't complaining about the UPA applying, but about the process of communicating it to their financial adviser, which they say led to their financial loss. One of our investigators considered everything and thought the request to cash in the accounts was done in line with the instructions. They didn't think Prudential had any obligation to inform Mr and Mrs T's financial adviser about the UPA sooner than they did. Mr and Mrs T disagreed so the complaint has come to me for a 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.

Mr and Mrs T aren't complaining about the application of the UPA itself as they understand it can be applied, rather they are complaining about how it was communicated. So I won't go into detail about how a UPA works other than to say that it's an adjustment made to protect a fund when the market isn't performing as expected. It ensures there's enough money to pay out if all the unitholders cashed in their investments at the same time.

Mr and Mrs T say that Prudential's system should automatically notify clients with pending transactions about a UPA in enough time to either continue or abort withdrawals. I can understand why they say this as the UPA has meant they received less money from their ISAs than they were expecting.

Prudential should notify customers of the any UPA but they don't have to do so within a set time frame or automatically. And considering the number of customers that Prudential have I

also don't think it would be practical for them to do so within such a short time frame. This is particularly the case as customers are aware that a UPA could be applied. I also don't think Prudential has any duty to change the process they already use for notifications.

Prudential say their process is to publish information about the UPA on the day it is applied. And that's what happened here. The UPA was applied in the morning and information about it was published on the afternoon of the same day. It's unfortunate timing for Mr and Mrs T as their cash in requests were processed after the UPA had been applied but before information was published. But that doesn't mean Prudential has done anything wrong.

Mr and Mrs T were offered £50 each from Prudential as they didn't follow up the UPA announcement with further clarity. By this time the UPA had already been applied and the cash in requests had been processed so there was nothing Mr and Mrs T could've done even if the clarity had been provided. So I'm satisfied that £50 each is a fair and reasonable amount for the upset caused by Prudential when not providing the clarity they should've provided.

Having carefully considered everything that happened I'm satisfied Prudential acted fairly and reasonably when both applying the UPA and when sending notification.

My final decision

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 5 July 2021.

Warren Wilson

Ombudsman