

The complaint

Mr and Mrs H complain about a letter they received in error from The Prudential Assurance Company Limited which they say caused them a financial loss.

Mr and Mrs H are being represented in their complaint by their financial adviser. For ease I will refer to all actions as being those of Mr and Mrs H.

What happened

In early March 2020 Mr and Mrs H asked Prudential to switch their holdings in an investment fund to cash. A few days later Prudential sent Mr and Mrs H a letter confirming that the switch had been made. This was also confirmed around the same time in a telephone call.

This letter was sent in error and the switch wasn't actually made until 7 May 2020 and for a lesser amount than quoted on the letter. Mr and Mrs H complained about the incorrect letter saying they relied on it when considering the risk level of their overall portfolio of investments at what was a volatile time. Had they have known the switch to cash hadn't been made they say they would've taken steps to reduce the exposure of the rest of their portfolio.

Prudential apologised for the incorrect letter saying it was a serious error and paid £500 compensation.

Mr and Mrs H remained unhappy saying that Prudential should honour the amount of the switch quoted on the incorrect letter which was some £22,000 more than they received.

One of our investigators looked into what happened and thought the £500 was appropriate in the circumstances. They explained that once the switch request had been made there was no way of changing or withdrawing it. So whilst there was a loss of expectation about the amount Mr and Mrs H were going to receive, the cash amount from the switch was always going to be the same.

Mr and Mrs H disagreed saying the incorrect letter had serious financial consequences and they think Prudential should do more to compensate them. 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 H have provided a lot of information about their complaint. I want to assure them that I've read and considered everything they've provided even if I don't mention it in detail. I've summarised the information which reflects the informal nature of our service.

All parties agree the letter sent by Prudential in early March 2020 was incorrect. Prudential have paid Mr and Mrs H £500 as an apology for this however they are seeking a higher level of compensation.

Mr and Mrs H have proposed that Prudential pay them the difference between the amount quoted on the incorrect letter and the amount they eventually received when the switch was actually processed. This is a difference of some £22,000. I can see why Mr and Mrs H feel this is a reasonable resolution to the complaint, however I don't agree.

Regardless of the incorrect letter being sent Mr and Mrs H were always going to receive the amount they did. It's unfortunate that during the time between the switch being requested and it being processed the value of the fund fell, however that situation was always going to be the same. This is because once submitted the switch couldn't be changed or withdrawn. A fairer way of thinking about any potential compensation for loss would be to consider what Mr and Mrs H say they would've done with the rest of their portfolio if it wasn't for the incorrect letter being sent. And to think about any actual loss to their portfolio.

Mr and Mrs H say it is impossible to accurately determine the exact extent of any loss as it involves too many hypothetical situations and decisions.

It's clear from Mr and Mrs H's own admission that it's not possible to quantify any financial loss in this situation. So I've thought about the wider circumstances of what happened to come to a decision I feel is fair and reasonable.

Mr and Mrs H say they requested the switch as they had been reviewing their situation at the time due to market volatility. They say they would've taken action with other elements of their portfolio if not for the incorrect letter. However I've seen no evidence of what these other actions might've been. Had the decision to switch been part of an overall investment strategy which could be evidenced, such as something discussed with their financial adviser, then the situation might be different. Here I've seen no evidence of an investment strategy other than the decision to switch this investment into cash. That's not to say that Mr and Mrs H might not have had a strategy planned in their thoughts, it's quite possible they did. But without seeing any evidence from the time about what that they planned to do with the rest of their portfolio I can't fairly determine any loss.

I've also looked at what actions were taken by Mr and Mrs H in early May after the switch was processed. This might give some indication of what, hypothetically, they might've done but for the incorrect letter. However I've not seen evidence that any actions were taken at that time. I'm aware that the market was changing quickly, however the absence of any action makes it difficult for me to say what might have happened, and how any possible actions by Mr and Mrs H could've mitigated any perceived losses.

I've not seen any persuasive evidence about what Mr and Mrs H would've done differently with their portfolio had the incorrect letter not been sent. Because of this I couldn't fairly establish any loss, and nor say that any loss was actually incurred.

In their submissions to our service Mr and Mrs H say they *could* have done something with their portfolio at the time. However I haven't seen any persuasive evidence from the time, other than suggestions of possible actions which lack any detail, about what Mr and Mrs H might actually have done. I've also not seen any evidence that Mr and Mrs H's portfolio actually suffered a loss due to what happened.

Having carefully considered everything I'm satisfied the £500 already paid to Mr and Mrs H is a fair and reasonable resolution of the complaint so I won't be asking Prudential to do anything further.

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 Mr H and Mrs H to accept or reject my decision before 13 August 2021.

Warren Wilson

Ombudsman