

## **The complaint**

Mr W complains that The Prudential Assurance Company Limited (Prudential) didn't fairly assess the compensation it paid him when its error led to his pension fund transfer request being delayed. He also complains that Prudential hasn't compensated him fairly for the trouble and upset it caused him.

## **What happened**

Mr W had a Prudential Retirement Account. In March 2020, he made two separate requests to Prudential. On 16 March 2020, he asked it to sell all the units held in one of his Prudential funds into the Cash Self Invested Personal Pension (SIPP). Prudential said that there's a 28-day waiting period applicable to this type of transaction. So it contacted Mr W to confirm that request would be completed on 14 April 2020.

But on 20 March 2020, Mr W made a further request to transfer his Retirement Account to another provider. Prudential said that this request should've been actioned - and monies transferred - no later than 3 April 2020. But this didn't happen. However, Mr W made the same transfer request on behalf of his wife on the same day. He said that transfer completed on 27 March 2020.

Prudential said that to protect its customers from unforeseen changes in fund values, where there is a difference of more than 10%, it has a process to obtain approval from the customer before completing the request. So on 27 March Prudential contacted Mr W. It said his fund had exceeded the 10% threshold. And needed to confirm if he still wanted the trade on his Retirement Account to go ahead. Mr W replied the same day saying he did.

Mr W contacted Prudential on 31 March 2020 to request an update as his transfer hadn't yet completed. He called again on 2 April 2020. At this time he was told Prudential would investigate and call him back. Prudential called Mr W back on 3 April 2020 to tell him there would be a 28-day waiting period for his units to be sold. This meant it wouldn't be actioned until 14 April 2020. Due to the delayed transfer, Mr W decided to cancel the transfer to the provider he'd initially chosen. He requested the transfer be made to a different provider.

On 8 April 2020, Mr W contacted Prudential to ask why his transfer out hadn't been made. Prudential said it would be investigated. In the meantime, Mr W's initial request to sell units and move them to Prudential's Cash SIPP completed on 14 April 2020. On 15 April 2020, Mr W requested that all monies in his Cash SIPP be transferred to the second provider he'd chosen.

On 21 April 2020 Mr W complained to Prudential as he was concerned he'd been financially disadvantaged by its errors. He felt compensation was due for the time he was out of the market. Prudential told him that in order to do this the money had to remain in his Retirement Account. So Mr W cancelled the transfer to the second provider he'd chosen. Then Prudential incorrectly made the transfer anyway on the 28 April 2020. However, the funds were recalled.

In its response to Mr W's initial complaint, dated 14 May 2020, Prudential upheld his

complaint. It said that it'd wrongly determined that his first request needed to be completed before his transfer out could be actioned. In respect of his transfer from the Cash SIPP to the second provider, it paid £285.09 into his Retirement Account to put him back into the financial position he would've been in without its errors. Regarding his transfer out request, Prudential said that Mr W would have to invest with his initially chosen provider before it could calculate the loss its mistake had caused. And it paid Mr W £175 for the distress its errors had caused him.

Unhappy with this response, Mr W replied the same day. He was unhappy that it couldn't pay any potential loss without him transferring to his initially chosen provider.

Prudential replied to this additional complaint on 19 May 2020. It reconfirmed that it could only assess any loss if Mr W completed the transfer he'd initially requested.

So Mr W completed the required transfer. And in Prudential's next response to his complaint on 18 June 2020, it upheld his complaint that he'd been financially disadvantaged by its errors in delaying his initial transfer request. It agreed to compensate him £21,340.82. But wouldn't reconsider its compensation for trouble and upset, as it felt it was fair.

Unhappy with this response, Mr W complained to Prudential again. He didn't agree with the date it'd used to calculate his loss. And said he'd now been told he hadn't needed to actually carry out the transfer to his initially chosen provider in order for the compensation to be calculated. He also felt he'd lost out on investment growth with his initially chosen provider. In its final response on 23 June 2020, Prudential didn't uphold his complaints.

Unhappy with Prudential's final response, Mr W brought his complaint to this service. He didn't understand why his initial transfer request had been treated differently from his wife's. He said they were in the same fund and suffered the same loss prior to transfer. So he brought his complaint to this service.

Our investigator gave her initial view on 13 April 2021. She didn't think the complaint should be upheld. She felt that Prudential had used an appropriate date for the compensation calculations on the initial transfer, despite that being different from the date Mr W's wife's transfer had completed. So she felt that the compensation Prudential had paid was fair, noting that this service would've calculated the losses in the same way. She also felt that £175 compensation for the distress the errors had caused was fair and reasonable.

Mr W didn't agree. He noted that the transfer of his wife's plan was from the same fund, the same provider and the same type of plan. And that it was moving to the same provider as for his transfer. So he didn't think Prudential needed to treat the transfer requests differently. He said that he believed that the price date used for his wife's plan was the correct date to base his redress calculation on. He also said he'd never accepted Prudential's compensation offer. He said he was never in a position to be able to buy the units that he'd 'lost' as a direct consequence of its errors. And he said he believes that the calculation should be made on the date that the offer is agreed. He said: "*The root of my inability to accept your findings is that I have never been in a position to put myself in the place I would have been if they had not made their mistakes*".

Our investigator asked Prudential for more information. She issued her second view on 13 May 2021. She didn't uphold the complaint. She noted that Prudential had confirmed that Mr W's wife's transfer value was within the 10% threshold. It'd also confirmed that his wasn't. So the process for his transfer had differed from that of his wife's and therefore wouldn't necessarily have taken the same time. She also noted that she'd seen no evidence that Mr W hadn't accepted Prudential's compensation offer of £21,340.82 at the time it was offered. Overall, she felt that Prudential had taken reasonable steps to put things right after making

the errors it did.

Mr W didn't agree with our investigator. He didn't believe his funds had fallen by more than 10%. And he still thought that the figure offered for distress and inconvenience Prudential had caused him was too low. He felt that compensation was due for the fact he'd been made to arrange a transfer that hadn't been needed. He also didn't agree that he'd accepted Prudential's compensation offer of £21,340.82. And said that: *"As it was never agreed or accepted, I believe that when a judgement is made on my loss it should be based on what is needed for me to be put back in the position that I should have been in had they not made all of their mistakes"*.

As agreement couldn't be reached, this complaint has come to me for a final 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.

I don't need to decide here whether something has gone wrong. Prudential has accepted that it made errors which had a financial impact on Mr W. From what I've seen, Mr W remains unhappy with the unit price date Prudential has used to calculate the financial impact of the delays it caused to his initial transfer request. He also feels that the compensation paid to him for distress and inconvenience should be reviewed. In particular because of the time and effort it took him to carry out what he felt was an unnecessary transfer to his initial chosen provider.

From what I've seen, all other aspects of Mr W's complaint have been resolved to his satisfaction.

So what's left for me to decide is if Prudential has provided fair compensation for both the financial impact and the distress and inconvenience its errors caused Mr W. And if I decide it hasn't, what Prudential should additionally do to put things right.

First I need to decide if the date Prudential has suggested Mr W's transfer would've completed if there'd been no errors is correct.

#### *What date should Mr W's transfer have completed?*

Mr W felt his transfer should've completed on 27 March 2020. He said his transfer was the same as his wife's, so should've completed on the same day. But Prudential said his was different as his transfer had been subject to the 10% threshold, which had required it to contact him to confirm he still wanted to proceed with the transfer. This hadn't been necessary for his wife's transfer.

Prudential says the transfer should've completed on 1 April 2020. It said that it contacted Mr W on 27 March 2020 to confirm he was happy to proceed with the transfer even though it differed by 10% from the previous value. He replied the same day, so the sale of units was requested the following day. As this was a weekend day, if no errors had occurred, the transfer would've been completed the next working day - 30 March 2020. Mr W had provided evidence that the funds would've been purchased two working days later. So Prudential concluded that his transfer would've completed on 1 April 2020.

Mr W couldn't understand why his fund had been subject to the 10% threshold. He told this service: *"I don't believe my funds fell by 10% as I put my instruction in after the application of the Mid Term reduction, I was invested in the same fund as my wife which suffered the same*

*variations, so I have no understanding as to how these were affected differently. It makes no sense to me*". So this service asked Prudential to confirm why Mr W's fund had been affected by the 10% parameter but his wife's hadn't.

Prudential confirmed that Mr W's approximate transfer value, quoted on the transfer request, was higher by more than 10% of the actual transfer value. But that his wife's wasn't. So her transfer didn't require a further check before it could be carried out.

This service asked for confirmation from Prudential that Mr W's fund should've been subjected to the 10% threshold. It provided information showing that the fund value on the request date of 19 March 2020 was more than 10% greater than its value on 27 March 2020 – the date it contacted Mr W. Prudential also confirmed that the Unit Price Adjustment ("Mid Term reduction") was applied on 17 March 2020.

From what I've seen, Mr W's transfer request required an extra step that his wife's transfer did not. Therefore I'm satisfied that the calculation date Prudential has suggested is appropriate. I'll now look at how the calculation of the financial impact on Mr W was carried out.

### *Financial impact*

Mr W calculated his own loss as follows:

He assumed that the transfer would've taken place on the same date as his wife's had. And used:

- a transfer value of £268,161.20 (the amount moved into the Cash SIPP)
- a unit price of 183.20, as used for his wife's transfer
- Receiving provider Unit Price at 5 June 2020 of 214.20
- That day's fund value of £289,821.74

Using these figures, he calculated that he should've £313,536.70 in his account. Therefore the loss was £313,536.70 - £289,821.7, or £23,714.96

Prudential used most of the same information to carry out its own compensation calculation. Its calculation only differed in the following areas:

- It used a transfer value of £267,291.83 instead of the figure of £268,161.20 Mr W had used
- It used a unit price of 184.00 from 1 April 2020, the date it said the transfer would've completed

Prudential's calculations led to a compensation payment of £21,340.82. It paid him this amount through his bank account.

Mr W complained that the price date Prudential used was incorrect, as he felt it should've used the unit price that'd been used for his wife's transfer. But, as I noted in the previous section, I don't agree.

From what I've seen, Prudential used the correct unit price. Mr W's transfer was always likely to take longer than his wife's, given his transfer fell outside Prudential's 10%

parameter. Prudential's process requires it to obtain approval from any customer in this situation. And based on the evidence, I'm satisfied that 1 April 2020 is the correct date to use for this calculation. I acknowledge that Mr W also said that the compensation Prudential calculated wasn't enough as it didn't enable him to buy the number of units he would've had if the transfer had gone ahead without error. But Prudential calculated that there was a shortfall of 9,963.033 units at the date the transfer should've gone ahead. It then used the unit price on the day Mr W's transfer completed to calculate the financial loss. I consider that this is fair under the circumstances here. I'll explain why.

Mr W had expressed no desire to transfer to his initially chosen provider after deciding instead to transfer elsewhere. He'd only transferred there so that Prudential could calculate his financial loss due to the delays its error had caused. So I can see why Prudential calculated that loss by assessing the cost of correcting the impact of its errors on the day the transfer was invested. I consider that it was reasonable for Prudential to assume that Mr W didn't want to buy additional units in a fund he hadn't wanted to transfer into. Its 19 May 2020 response to Mr W's complaint said the following: *"If you have suffered a financial loss, it will be paid to you directly as an ex-gratia payment"*. From what I've seen, Mr W didn't disagree with this approach at the time.

Having carried out an appropriate assessment of the financial impact on Mr W of the delays, I consider that Prudential's decision to pay the amount lost directly to Mr W was fair and reasonable under the circumstances. I've seen no evidence of any objections at the time from Mr W. Nor have I seen evidence that he understood the payment to be an interim one. I do take Mr W's point that if this service were to find Prudential's redress to be incorrect, the payment would effectively become an interim payment at that point. Prudential agree that this is the case. It said: *"In respect of the compensation paid, our process is to make payment where we feel a loss has been incurred. This is not binding on the customer and they are still able to take their complaint to the relevant regulatory body to review"*. But I'm not persuaded that there was anything wrong with Prudential's calculation. And I won't be asking it to do any more in respect of this part of Mr W's complaint.

#### *Time taken to arrange the pension transfer and Distress and Inconvenience*

Mr W said that the £175 compensation Prudential had paid him for the distress and inconvenience its errors had caused him was calculated before he felt forced to complete an additional pension transfer. He said that the commercial cost of completing such a transfer would be several thousand pounds. So he asked Prudential to review its offer.

Prudential said Mr W could submit a fully detailed invoice for any additional costs he'd incurred when completing the transfer. But it declined to cover the commercial cost of making a transfer. It explained that it wouldn't pay: *"an amount equivalent to the overall level of professional fee that specialist advisers may charge"*.

Prudential also said that Mr W's original complaint was that the transfer he requested wasn't actioned as expected. It said if there'd been no errors, the transfer would've been completed. And Mr W would've incurred the costs associated with it. As such it couldn't agree it had caused any costs associated with the transfer.

Prudential also explained that when it assesses the distress and inconvenience its caused, it uses guidance from this service. And it also looks at cases of a similar nature, so that all complaints are dealt with in a consistent manner. It reviewed the compensation for distress and inconvenience it had paid Mr W, but didn't agree that a higher payment was justified.

Based on what I've seen, I'm satisfied that Mr W did have to complete the pension transfer he'd initially requested in order to receive compensation for the financial loss Prudential's

errors had caused him. But I'm not persuaded that he had to do additional work because of this. I agree with Prudential that he would've had to do this anyway for his original transfer request to go ahead. So I won't be asking Prudential to cover any specific costs here.

In terms of the £175 Prudential paid for distress and inconvenience, I need to decide if I think that's fair and reasonable given the circumstances of this complaint. I need to consider the impact it's had on Mr W. I also need to consider the steps Prudential took to put things right. And the speed with which it corrected its errors.

From what I've seen, Prudential responded quickly to Mr W's complaints. It recognised its errors, apologised and offered compensation. It communicated clearly with Mr W about the steps it would take – and the steps he would need to take – in order for the financial impact its errors had caused to be corrected. I can see that it took several weeks for the redress to be calculated and paid. But I also note that Prudential's communications with Mr W were clear about what needed to happen before payment could be made.

I do acknowledge that Prudential's errors required a reasonable effort by Mr W to sort out. And Mr W has noted that he was particularly busy at work during the period his complaint was being worked on, so I can see that it would've been stressful having to sort it out. But I consider that its communication with Mr W throughout the process was clear. Taking everything into account, I agree with Prudential that the compensation it's already paid for distress and inconvenience was fair and reasonable under the circumstances of this complaint.

I know my decision will disappoint Mr W, but I'm satisfied that Prudential took appropriate steps to put things right in a reasonable timeframe. So I won't be asking it to do anything else.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 October 2021.

Jo Occleshaw  
**Ombudsman**