

The complaint

Mr T complains that The Prudential Assurance Company Limited (Prudential) delayed the processing of his Tax-Free Cash payment from his pension plan, which resulted in him getting a lower amount because the value of his plan had fallen in the meantime.

What happened

Because our investigator set out the background and circumstances leading up to this complaint in detail and this wasn't disputed, I haven't repeated everything here. So in summary:

On 17 March 2020 Mr T, through his financial adviser, made an electronic request to withdraw the maximum tax-free cash sum from his pension plan. Prudential acted on this request and it carried out some automatic checks as part of its payment request process. Because this check threw up an anomaly with some of Mr T's personal data, the automatic payment process couldn't take place. On the same day, as part of its manual process, Prudential contacted Mr T's financial adviser to request some identification documentation from Mr T.

On 20 March 2020 Prudential says it received the required identification documentation from Mr T's financial adviser. On the same day – Prudential says at mid-day – it applied a unit price adjustment to Mr T's pension fund, which reduced the unit price and value of his fund.

On 26 March 2020 Prudential confirmed in writing that it had processed Mr T's tax-free cash withdrawal and that he would receive payment direct to his bank account within five working days. The letter gave the amount of the tax-free cash sum, which was around £10,000 less than the amount Mr T's financial adviser had keyed in when he made the electronic request on 17 March 2020.

Mr T complained to Prudential in April 2020 about the loss in value. Prudential replied in two letters of May 2020. In summary Prudential said that it had followed due process in carrying out Mr T's request and actioned things in a reasonable timescale. It said it required identification documentation from Mr T to complete the transaction. And that unfortunately between the request being submitted and the documentation being received the adjustment to the fund price occurred, which resulted in the lower tax-free cash sum being paid.

Dissatisfied with its response Mr T brought his complaint to the Financial Ombudsman Service.

One of our investigators looked at all of this. And they concluded that Prudential hadn't done anything wrong. In summary they said Prudential was entitled to carry out identification checks before processing Mr T's withdrawal request. They also said they thought Prudential was entitled to apply a reduction to the unit price of Mr T's pension fund. And while it was

regrettable this was applied before Mr T's withdrawal request was processed, Prudential wasn't at fault for Mr T receiving a lower tax-free cash sum than he was expecting.

Because Mr T disagrees, the complaint comes 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.

Having done so, while I know Mr T will be disappointed, I've decided not to uphold his complaint. My reasons are set out below.

I can see from Prudential's readout of its electronic system that on 17 March 2020 Mr T's financial adviser made a payment request for Mr T to receive a tax-free cash lump sum from his pension plan. I can also see that on the same day Prudential carried out the automatic checks it referred to when processing the transaction. This involved carrying out an identification check using external credit reference agency searches.

Prudential says this automatic check process failed because the search highlighted a discrepancy with Mr T's personal information or data held – so it had to proceed with things on a manual basis. And in support of this I can see that the electronic readout says that some identification documentation was required from Mr T. So I accept it's possible, as Prudential says that it was as a result of the credit reference agency search which resulted in Prudential requiring further identification documentation from Mr T.

But I can also see that, in 2019 following some remedial work Prudential carried out, it asked Mr T's financial adviser to provide it with some identification documentation for Mr T to help verify his details. This was to correct an oversight when the account was opened. But because Prudential didn't receive anything it made a note on Mr T's file to say that any future payment requests, including tax-free cash withdrawals would need to be supported with some identification documentation. So I also think it's possible it was this, which triggered the failed automatic check process.

But regardless of the reason, I'm satisfied that Prudential was within its right to carry out appropriate identification checks to satisfy its requirements before making payment to Mr T. And so I think it acted fairly and reasonably here.

So did Prudential act in a timely manner in both requesting and then processing the identification documentation?

Prudential requested the additional identification information from Mr T's adviser on 17 March 2020 – the same day the payment request was made. So it acted promptly here. Prudential says it received the necessary documentation on 20 March 2020. And I can see a date stamp on the documentation, which supports this. Mr T's payment request was then processed or authorised on 26 March 2020 (four working days after receipt of the documentation) and he received payment on 1 April 2020.

In general terms I don't think four working days to process things is unreasonable. And given Prudential's terms and conditions applicable to Mr T's pension plan say that payments will be facilitated "*as soon as reasonably practical after we have received all of the documentation we require.*" I don't think four working days is at odds with this either. So I don't think there was an unreasonable delay here.

But in between Mr T making his withdrawal request and Prudential processing it, Prudential applied a unit price reduction to Mr T's fund his pension was invested in. And this in turn reduced the overall value of Mr T's pension. The consequence of this was a not insignificant difference to the amount of tax-free cash Mr T was able to access.

I can understand why Mr T was upset by this – he received somewhere in the region of £10,000 less than he'd hoped for. But Prudential was allowed to make this adjustment to the unit price – it was an integral feature of the fund to allow Prudential to manage the investment returns. And it could do this at any time. Because of the uncertainty around the investment market at the time in question, it doesn't surprise me that Prudential took this action. And while as I say this must have been frustrating for Mr T, the reduction in value was down to timing and investment market performance – it wasn't a result of anything Prudential did wrong or because it acted unfairly or unreasonably towards Mr T.

So I won't be telling Prudential to honour the original value as at the request date as Mr T wants.

In conclusion – I'm satisfied Prudential was entitled to carry out appropriate identification checks before making payment to Mr T. I've found there was no unreasonable delay in Prudential actioning the payment request once the required documentation was received. And while the value of Mr T's fund reduced in value during the period in which the withdrawal request was being processed, this was due to market conditions and Prudential's application of an adjustment to the unit price of Mr T's fund, which wasn't unfair or unreasonable.

My final decision

For the reasons above I've decided to not uphold this complaint – so I make no award in Mr T's favour.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 29 April 2022.

Paul Featherstone
Ombudsman