

## **The complaint**

Mr O complains about poor service from The Prudential Assurance Company Limited in connection with payments from his retirement account.

## **What happened**

Payments from Mr O's retirement account are due on the 28<sup>th</sup> of the month. From December 2019, several payments were late. Prudential paid compensation of £401.25 in recognition of the inconvenience this had caused Mr O, and to cover phone call costs and interest on the late payments.

But Prudential didn't provide a satisfactory explanation for why the payments were late, and it didn't give any assurances that they wouldn't be delayed in the future. Mr O wasn't happy with Prudential's response, because he said the late payments caused considerable distress. He referred the matter to this service for further investigation.

Our investigator's initial conclusion was that Prudential didn't need to do anything further. He accepted there had been delayed payments, but Prudential had said this was linked to fees paid for the guaranteed income on Mr O's account.

Mr O had switched funds in November 2019, and Prudential said a system error meant the guarantee had been removed. This meant Mr O's account had to be monitored manually to disinvest what was needed to cover the fees. It was this issue that created the delayed payments.

The investigator considered the compensation paid by Prudential was fair in the circumstances. He was also satisfied that Prudential was doing what it could to make sure there weren't further delays, but he accepted this couldn't be guaranteed.

Mr O didn't agree with the investigator's conclusions. He provided information that he considered demonstrated payments were due on the 28<sup>th</sup> of the month, with no room for flexibility.

Following a review of the additional information, the investigator concluded that the guarantee was only applied to Mr O's account after the fund switch. This was on the advice of a Prudential adviser in 2019. So the investigator wasn't persuaded that the delayed payments were the result of the guarantee being removed, as Prudential had suggested.

The investigator issued a second view and said the guarantee hadn't been added to Mr O's account as it should've been in 2019. It had been correctly added to the account in 2021, which meant delayed payments should no longer occur.

Prudential was checking whether Mr O had been correctly charged while the guarantee wasn't in place. The investigator considered this was reasonable, but he said Prudential should confirm whether any redress was due to Mr O within 28 days of his acceptance of the investigator's conclusions.

The investigator said Prudential should also pay additional compensation of £250 in

recognition of the distress created by its poor service.

Prudential didn't agree with the conclusions in the investigator's second view. It said its explanation that the late payments were caused by system issues was correct – even if it hadn't gone in to the detail of what those system issues were. Prudential accepted that the system issues meant the guarantee hadn't been applied correctly, but it said it would've always been honoured. Prudential didn't accept that its response to Mr O's complaint was incorrect, and it asked for the matter to be reviewed by an ombudsman.

### **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.

Prudential seems to accept that the guarantee on Mr O's account wasn't properly applied at the outset, and that this created the delayed payments until the matter was resolved in 2021.

But I can't see that this was properly identified by Prudential until this service became involved. I accept that Prudential told Mr O that the delays were caused by system issues, and that technically that was correct. But given that Mr O is reliant on his pension income, I can understand why he was unhappy with the lack of detail in Prudential's explanation, and why he wanted reassurance that further delays wouldn't occur in the future.

I note that Prudential has now written to Mr O to confirm that the guarantee has been applied to his account so that the issue creating delays has been resolved. It has also apologised to Mr O.

Even so, in my view it took an unacceptable amount of time for Prudential to provide a meaningful explanation for the delays, and to resolve the issue so that future delays are avoided.

So I agree with the investigator that Prudential should pay further compensation to Mr O.

### **Putting things right**

Prudential should pay £250 to Mr O, in addition to the compensation it has already paid.

Prudential should also identify whether Mr O paid too much in charges while the guarantee wasn't correctly applied to his account.

If Mr O is due a refund of overpaid charges, Prudential should also add 8% simple interest to the payment from the date that each charge was made until the date of settlement. It should also supply Mr O with a copy of its calculation in a clear and understandable format.

### **My final decision**

My decision is that The Prudential Assurance Company Limited should pay compensation to

Mr O in line with the instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 October 2021.

Caroline Stirling  
**Ombudsman**