

The complaint

Mr W complains about the way that The Prudential Assurance Company Limited (Prudential) has been managing his pension.

Mr W wants Prudential to refund the management charges that it applied to his pension.

What happened

Mr W has a personal pension with Prudential. After Mr W discovered a sudden drop of around £6,700 in the value of his pension, he asked Prudential for an explanation.

Prudential said it had mistakenly failed to deduct the annual management charge (AMC) since the start of his pension policy in 2019. When it discovered the mistake at the end of 2020, Prudential deducted the missing AMCs in one go. Prudential agreed that it should've told Mr W about the missing AMCs before taking the payment. Prudential apologised and paid Mr W £1,500 compensation.

The investigator didn't recommend upholding Mr W's complaint. He thought Prudential's compensation payment was reasonable.

Mr W disagrees with the investigator's view. He says that since the start of his pension, Prudential has given him incorrect statements on four occasions. Mr W says Prudential has upheld his service complaints. He's unhappy that Prudential took longer than it should've to resolve his complaint about the AMCs. Mr W thinks Prudential should refund the AMCs as it hasn't managed his pension properly.

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 can appreciate that it was a shock for Mr W to discover that the value of his pension had suddenly dropped. Prudential agrees that it made a mistake so my decision focusses on whether compensation of £1,500 goes far enough to put things right for Mr W. It will disappoint Mr W but I agree it's fair and I will explain why.

Where we decide that something has gone wrong, this service would ask the business to put things right by placing the consumer, as far as is possible, back in the position they would've been if the problem hadn't happened.

In Mr W's case, he was always due to pay the AMCs to Prudential, so putting him back in the position he would've been without the mistake, wouldn't lead to him receiving a refund of the AMCs. And Prudential still carried out the service of managing Mr W's investment together with the admin and marketing that Mr W's key facts document explains are the reasons for the AMCs.

I agree that Prudential made mistakes - first when it failed to deduct the AMCs and then when it didn't tell Mr W it was going to deduct all the unpaid AMCs in December 2020. But I

consider the compensation of £1,500 fairly reflects the loss of expectation and distress that Mr W felt.

When deciding the reasonableness of Prudential's offer, I've taken account of the fact that while Mr W was worried that the value of his fund had dropped without reason, Prudential gave him an explanation within a few months of him noticing the drop. I appreciate Mr W is unhappy that Prudential took longer than it should've to give him the explanation, but I still consider this means the impact – while substantial - was relatively short-lived. The compensation of £1,500 is at the very top end of an award this service might make where the mistake has had a substantial impact on the consumer. Our approach to awards like this is on our website.

Although Mr W points out that there has been a catalogue of failures by Prudential, I can see that over the past few years, it has paid him at least £450 compensation and sent him a gift. So, my decision primarily focusses on the impact felt when Prudential deducted the AMCs in December 2020. For all the reasons I've outlined above, I consider £1,500 is fair so I don't require Prudential to take any further steps in response to Mr W's complaint.

Finally, in October 2021, Mr W told the investigator that Prudential had given him yet more misleading information. Mr W said he'd received an email from Prudential enclosing an annual statement that he'd not requested. And that although the statement was dated March 2021, it covered the period October 2019 to October 2020 and included just over £500 of AMCs deducted during that period – which would seem to go against what Prudential had said about having not previously taken any fees. The investigator told Mr W that as this was a new complaint, he should speak with Prudential first before coming back to us if he needed further help. As Mr W hasn't come back to us on this point, I've not reflected this aspect of Mr W's complaint in my decision.

My final decision

Prudential has already paid Mr W £1,500. I don't think Prudential needs to do anything more to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 August 2022.

Gemma Bowen
Ombudsman