

The complaint

Mr C complains he's been treated unfairly by The Prudential Assurance Company Limited because his pension fund didn't receive the benefit of a positive unit price adjustment (UPA).

What happened

Mr C wanted to switch units between two Prudential funds, in which his pension money was invested. On receipt of his instructions on 27 May 2020, Prudential said the trade would be "settled" by close of business on 24 June 2020. This was due to the 28 day waiting period for this type of trade.

The fund that Mr C was switching to had a positive UPA on 25 June 2020. So Mr C expected to receive the benefit of that adjustment. But because of the process involved in switching funds, Mr C's units were allocated to a holding account on 24 June 2020, so they didn't qualify for the adjustment.

Mr C considered this was unfair. He said the holding account was appropriate for 'new' money, but he was switching between funds so he considered he should have the benefit of the adjustment. The fund he'd switched out of also had a positive UPA and he'd missed out on this because of the timing of the switch and Prudential's processes.

Prudential didn't uphold Mr C's complaint. It said it had completed the switch in line with the terms and conditions, and it wasn't obliged to apply the UPA as Mr C wanted. Prudential said the switch to the new fund meant Mr C's investment was treated as 'new' money, so it was appropriate to place it temporarily in the holding account. Prudential didn't consider it had treated Mr C unfairly. But Mr C was unhappy with Prudential's response and referred the matter to this service.

Our investigator didn't recommend the complaint should be upheld. He concluded that Mr C's units had been properly switched out of the first fund in line with the account's terms and conditions.

The investigator accepted that Prudential's email to Mr C about the timing for completing the transaction could've been clearer. But he was satisfied that the email was referring to the process for transferring out of the first fund. The investigator wasn't persuaded that Mr C's units should've been invested in the new fund by 25 June 2020, so he didn't think they were eligible for the UPA. The investigator therefore wasn't persuaded that Prudential had treated Mr C unfairly.

Mr C didn't agree with the investigator's conclusions. He said both funds had received positive UPAs, so he still considered it unfair that he had missed out. Mr C also said that he'd understood Prudential's email to mean that the switch out of the first fund and in to the second fund would be completed by 25 June 2020.

Mr C asked for his complaint to be reviewed by an ombudsman, so the matter has been passed to me for 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.

Mr C's instructions to Prudential were as follows:

'Can you please arrange for a Fund Switch for the full amount from the Managed 2 Fund to the Managed 3 Fund on my...Retirement Account.'

Prudential sent the following message in response:

'Just to confirm that...in line with the 28 day waiting period of Prufund, this trade will be fully settled by close of business Wednesday 24 June 2020.'

I'm satisfied that Mr C's instructions were clear enough to make Prudential aware he was switching out of one fund and into another.

I'm also satisfied that the 28 day period referred to in Prudential's response was in connection with the time frame for switching out of a fund.

But I don't think the email made it clear to Mr C that following the switch out, the terms and conditions meant his units would then be held in a holding account until the next investment date – which is the 25th of the month. Given the wording of the email, I can understand why Mr C was under the impression that the switch out of the first fund and the switch in to the new fund would both be completed by 24 June.

In addition, Prudential's contract note appears to show that the switch out of the first fund and switch into the new fund both completed on 24 June 2020.

But Prudential has said that once the switch out had taken place the units were, in fact, held in the holding account. This would correspond with paragraph 3 of the account's terms and conditions which says:

'3. Buying PruFund Units

3.1 *When you invest in **PruFund** you are **allocated holding account** units until you reach the first **investment date** after you invest in the **holding account**...* *

[*terms in bold are definitions within the policy terms and conditions]

Under the terms and conditions, '*investment date*' means the 25th of each calendar month or the following working day if that date is not a working day.

From what I've seen, I think Prudential's email to Mr C could've been clearer. And I also think that the details in the contract note suggest he was invested in the second fund, rather than the holding account, on 24 June.

Prudential has said that the UPA was applied to units already held in the second fund on 25 June. Once that had happened, switches from the holding account were made to the second fund. Mr C's units were in the holding fund when the UPA was applied, which meant they didn't qualify for the UPA.

As I've said, from what I've seen, I think some of Prudential's information could have been clearer. But we here we identify this kind of failing, our approach means that we look at what's more likely than not to have happened if that failing hadn't occurred.

In this case, Prudential should have explained that, once the units had been switched out of the first fund, they would be retained in a holding account until the next investment date - which was 25 June. This is in line with paragraph three of the terms and conditions.

This would have clarified the position for Mr C. But importantly, I'm not persuaded it would have made any difference to the treatment of his units, or indeed Mr C's decision to proceed. The units would always have needed to be retained in the holding account until after the UPA had taken place.

I can see why Mr C might consider it was unfair that he missed out on the UPA, given the timing of the switches. And I fully sympathise with Mr C – I agree that the timing of matters here produced a really unfortunate outcome, and I can entirely understand his disappointment. But from what I've seen, I'm satisfied that Prudential treated the units in line with the terms and conditions of the account. So I'm sorry to disappoint Mr C further, but I don't think there are any fair or reasonable grounds (in the sense of fairness to *both* parties) on which I could, or would, uphold the complaint and compel Prudential to apply the missed UPA.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 November 2021.

Philip Miller
Ombudsman