

## **The complaint**

Mr L complains that The Prudential Assurance Company Limited has failed to fairly compensate him for delays it caused to the transfer of his pension savings.

## **What happened**

Mr L has been assisted in making this complaint by his financial advisor. And the financial advisor was also involved in many of the discussions with Prudential when chasing up the progress of the transfer of Mr L's pension savings. But, for ease, in this decision I will generally not differentiate between the actions of the two parties. I will generally refer to all communications as having been with, and from Mr L, himself.

Mr L held pension savings with Prudential. In October 2020 he decided to transfer his pension savings to another provider. That provider sent Prudential a transfer request via the automated Origo Options system.

Prudential says that it would normally expect to complete that request within five working days. But due to some processing delays following the introduction of a new system, Prudential failed to complete the transfer within its expected timescale. Despite Mr L, and his financial advisor, making multiple calls to Prudential to chase the progress of the transfer, the funds were not sent to the new provider until January 2021. But, in line with its normal processes, Prudential backdated the value of the transferred funds to that of the day after it had received the transfer instruction.

When Mr L first complained Prudential accepted that the transfer had taken too long and apologised to Mr L. It sent him a cheque for £300 to compensate him for the inconvenience he had been caused. And Prudential told Mr L that it would be making contact with the new provider to understand whether the delay had caused a direct financial loss.

Following those discussions with the new provider, Prudential determined that Mr L had been able to purchase fewer units, due to changes in the unit price, than he would have had the transfer completed earlier. So it paid an additional sum of £2,450.77 to the new provider so it could purchase additional investment units on Mr L's behalf. And it sent a further cheque for £450 to Mr L for the additional distress and inconvenience he'd been caused.

Mr L didn't think Prudential had calculated the compensation fairly. He noted that his pension savings had remained invested with Prudential until shortly before the transfer was completed. And the value of those pension savings had risen by £4,688 during the time of the delay. So he thought that was the compensation that Prudential should have paid to him.

Mr L's complaint has been assessed by one of our investigators. He thought that the method of compensation chosen by Prudential was fair, and would place Mr L back into the position he'd have been had the transfer not been delayed. So he thought what Prudential had offered to Mr L in compensation was reasonable and that it didn't need to do anything further.

Mr L didn't agree with that assessment. He said that the delay had led to Prudential making a profit from its error. He said he had been told on at least two occasions that his pension savings remained invested during the delay, and that their current value would be transferred to the new provider. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

### **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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr L and by Prudential. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

There appears to be little dispute here about the timeline of Mr L's transfer. Prudential accepts that the transfer took far too long to complete. And it has paid Mr L some compensation, both directly for the inconvenience he was caused, and via his new pension provider to address the investment losses he experienced. But whilst Mr L appears to accept Prudential's estimation of when the transfer should have completed, he doesn't agree with the method it has used to calculate the compensation he should be paid.

So what I need to decide here is what would be fair and reasonable compensation for the delays that Prudential caused. Mr L has said that there are a number of factors I should take into account. He says that Prudential didn't sell his pension investments until shortly before it completed the transfer – although the value it gave him was that of the day after his transfer request was received. So it has made an accounting profit from the delayed sale. And Mr L also says that the delays in the transfer affected his investment strategy across the remainder of his pension savings – that had already been transferred to the other provider. He says that some investment decisions were deferred until all his pension savings had been consolidated with the new provider.

It would be impossible for me to say, or for Mr L to demonstrate, the investment decisions that would have been taken had Prudential completed this transfer in a timelier manner. But I can see what investment decisions Mr L did take once his funds had been transferred. On balance I think it more reasonable that I use those decisions as the basis of the compensation that I think should be paid, rather than hypothetical investment decisions that might understandably be influenced by the benefit of hindsight.

If Prudential had completed this transfer on time, Mr L wouldn't have benefitted from the investment growth that he saw in his pension savings with the delay was ongoing. So I don't think it reasonable that growth should form part of the compensation that I think would be reasonable for Prudential to pay. Although I accept that Prudential might have made an accounting gain as a result, I think that is entirely fortuitous. My decision would have been

the same had the value of Mr L's pension savings fallen during the delay – and in that case I'd have expected Prudential to accept the corresponding accounting loss.

So, in terms of putting Mr L back into the position he would have been if nothing had gone wrong, I think I should reasonably consider the transfer value of his pension savings to be that used by Prudential – their value at the time the transfer instruction was received. I can see that the new provider invested the transferred funds immediately on receipt. So that is what I would consider should have happened if the transfer hadn't been delayed.

Prudential has asked the new provider to assess whether the transferred funds would have allowed Mr L to purchase more units of his chosen investments had they been received in October 2020, rather than January 2021. The conclusion from that assessment was that the units Mr L now held were less than they would have been if the transfer had been completed on time. So that is the loss that I think Mr L suffered as a result of the delay.

I can see that Prudential has sent an additional transfer payment to the new provider so those additional investment units could be added to Mr L's pension savings. Although I haven't seen confirmation from the new provider that has been done, I have no reason to consider it hasn't. So I think that the actions Prudential has asked the new provider to take, and the additional funds it provided to pay for the additional units, means that Mr L now holds the same investments he would have, had the transfer not been delayed.

I have listened carefully to two conversations between Prudential and Mr L's financial advisor in December 2020 and January 2021. There is no doubt that, on those calls, the financial advisor was told that Mr L's pension savings remained invested and had not been placed into cash. I think those were entirely true statements. But I don't think saying that gave Mr L any entitlement to receive that higher amount once the transfer was completed – Prudential's process was clear, and Mr L's transfer would be valued at the date the request was received. I don't think, on either call, Prudential told the financial advisor that a higher amount would be payable to the new provider.

There is no doubt that the delayed transfer would have caused a great deal of trouble and upset for Mr L, and taken both his time and that of his financial advisor in seeking updates from Prudential. I can see that Prudential has sent cheques totalling £750 to Mr L's home address to compensate him for that inconvenience. I think the additional compensation Prudential has paid to Mr L is both fair and reasonable.

I appreciate how disappointing my decision will be for Mr L. There is no doubt that he was let down by Prudential when he asked to transfer his pension savings to the new provider. An instruction that should have been completed in five working days, took almost three months. But I am pleased to see that Prudential accepted it was responsible for that delay, and has taken steps to put things right. I think the approach that Prudential has taken is fair and reasonable, and in line with what I would have directed in the circumstances of this complaint. So I don't think that Prudential needs to do anything more.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any further award against The Prudential Assurance Company Limited.

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

Paul Reilly

**Ombudsman**