

## **The complaint**

Mrs S complained that Prudential Assurance Company Limited (Prudential) caused delays in processing a payment from her pension. This caused her distress and inconvenience and a material financial loss. Prudential has offered her compensation in respect of her distress and inconvenience, which she would like to be increased.

## **What happened**

Mrs S contacted Prudential on 8 March 2021 to request a partial lump sum return of funds (ROF) payment of £9,000 from her pension due to her ill health. She had previously submitted an ill-health declaration and was not told that a new declaration would be required.

Mrs S received an options pack from Prudential on 23 March, which she responded to and a call was booked on 26 April. Following this, Mrs S had to contact Prudential a number of times to try and find out the progress of her claim before being told that a new ill health declaration was required, as the previous one was out of date. Mrs S complained to Prudential that she should have been told this on the original call on 8 March. Mrs S was also concerned that the delay in receiving funds would cause her to miss scheduled mortgage deadlines with her lender on the 17 May and 1 June, which she confirmed was the case in a call to Prudential on 9 June.

Mrs S provided the updated declaration on 11 June, and the funds were paid to Mrs S on 18 June, over three months after she first contacted Prudential. Prudential agreed to pay Mrs S £300 in compensation for the delay in the process.

Prudential sent Mrs S a response to her complaint on 2 July 2021. It accepted that it made mistakes that led to the delay, not least that Mrs S should have been told she needed a new ill health declaration when she first contacted Prudential on 8 March. Prudential offered a further £300 compensation but explained that she had not suffered a material loss as her pension had increased in value as a result of the delay, so fewer units needed to be sold to provide the £9,000 payment to her. Prudential also asked her to provide evidence of any financial loss she had suffered.

Mrs S replied to Prudential asking for further compensation of £25 to reimburse her for the cost of the ill health declaration and £1,000 for distress and inconvenience. No claim was made for any loss relating to the missed mortgage deadlines. Prudential agreed to reimburse the cost of the declaration but felt that the £600 it had already offered was fair and reasonable compensation.

Mrs S subsequently contacted Prudential to tell it that she was not satisfied with their offer of compensation, but also to let it know that she had not received the compensation promised on 18 June.

Prudential wrote again to Mrs S on 2 August apologising once more for its mistakes and confirming that it had failed to add interest in respect of the late payment. It calculated a loss of interest of £174.19 using a rate of 8%pa and paid a further £200 for distress and inconvenience.

However, Mrs S had still not received the £300 compensation offered on 18 June, so she had to contact Prudential again. It transpired that Prudential had made a further mistake, and that the payment had not been properly authorised. The payment of £300 was finally made on 15 November 2021, to which Prudential also added a further £100 compensation.

In total, Prudential paid Mrs S £900 compensation for its mistakes, £25 for the ill health declaration and a further £174.19 paid in respect of interest on the late payment.

Mrs S did not feel that this was adequate compensation for the delay, inconvenience, and distress this had caused her, so she has brought this complaint to the Financial Ombudsman Service.

Our investigator reviewed all the information provided and reached the conclusion that the compensation already offered by Prudential was fair and reasonable in the circumstances. Mrs S disagreed, repeating the key points of her complaint and asking for compensation to be increased to £5,000 to reflect the numerous mistakes Prudential had made. She outlined these mistakes, the effort she put in to try and progress her claim and the effect these mistakes and the consequent three month delay in her receiving her pension have had upon her. As a result, this case has been passed to me to take a fresh look at all the evidence and make a final 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, and considering the view of our investigator, I have reached the same conclusion and will not be upholding Mrs S's complaint.

I can appreciate that this will be disappointing for her, so I'll explain how I have reached my decision.

Firstly, it is clear that Prudential fell below the standards that Mrs S was entitled to expect when processing her request for a return of funds due to her ill health. Mrs S had to contact Prudential on several occasions to try to prompt it to complete what should have been a relatively straightforward process. She has explained how Prudential's repeated failure to efficiently manage her request or communicate with her had caused her additional distress at what was a difficult time. However, while Prudential's service was poor, it has apologised for these mistakes and made a number of separate compensation awards to reflect these, totaling £925.

I am aware that Mrs S has asked for the compensation payment to be increased to £5,000, but considering our guidelines for compensation awards for distress and inconvenience, I do find that the £925 compensation already offered by Prudential is fair and reasonable, and is in line with what I would expect to see in a case like this where service has fallen far short of what a customer should reasonably expect.

Prudential has also paid £174.19 in respect of loss interest caused by the delay, using a nominal 8% interest rate, which is the rate this service would usually apply in these circumstances, so I don't think it needs to do anymore to compensate Mrs S for any financial loss caused by the delayed payment.

### **My final decision**

For the reasons explained above, I do not uphold Mrs S's complaint.

Prudential Assurance Company Limited should fulfil its offer to pay Mrs S the sum of £925 compensation and £174.19 in loss of interest, if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 29 December 2022.

Bill Catchpole  
**Ombudsman**