

The complaint

Mrs S says The Prudential Assurance Company Limited (Prudential) is responsible for poor administration and communication regarding her occupational and personal pension plans, and that this has led to financial detriment and significant inconvenience.

Mrs S is represented by Caleb Roberts Financial Management Limited (Caleb), which was also her Financial Adviser when liaising with Prudential about her retirement plans.

What happened

Caleb met with Mrs S and her husband on 24 October 2019. They were seeking advice about their pension options. Both were members of an occupational pension scheme (OPS). And both had personal pension plans. Mrs S would reach her OPS scheme retirement age in May 2020. Mr S reached this point earlier, in November 2019.

Mrs and Mr S had six pension plans between them, three each. This appears to have been a source of some confusion and mis-communication.

Mrs S and her husband have made complaints about Prudential's handling of their OPS plans to The Pension Ombudsman. And a separate complaint has been set-up with this Service to consider issues raised by Mr S about his personal pensions. So, this decision will focus on the personal pensions Mrs S had.

The Investigator sought confirmation from Caleb in June 2021 about which of Mrs S's pension plans she was complaining about to this Service. In an unfortunate mix-up – it provided the policy number of her OPS plan rather than her personal pension. This has led to some exchanges with this Service that may've been at cross-purposes.

To be clear, the pension which is the focus of my decision for Mrs S is the plan ending with the reference number ***050 (her personal pension), *not* the plan ending ***046 (which appears to relate to be her OPS membership).

This complaint should've been a relatively straight-forward matter to deal with. The circumstances surrounding Mrs and Mr S's complaints seem to be largely agreed between the parties. They and their adviser experienced problems receiving information from Prudential, which was important to making decisions about their pension plans. And some of the information was incorrect. This all led to delays and some impact on their pension funds.

Another reason things became muddled is that the complaint raised with Prudential has evolved during its journey. An initial complaint was raised in January 2020, but points weren't addressed satisfactorily and new points were raised.

Prudential issued at least five final response letters (FRLs) to Mrs and Mr S between March 2020 and February 2021. In addition there were further clarifying emails. Most of these communications from Prudential were directed through Caleb. Some communications muddled-up plans and relevant policyholders, adding to the confusion.

I note Caleb brought Mrs and Mr S's complaint to our Service in July 2020 - while Prudential were still trying to resolve matters. That said I can appreciate why it did so, it had been given referral rights. But it's clear to see that with the situation still dynamic, there was scope for further confusion.

I can see that Prudential apologised on several occasions for the things it got wrong. It set out some of the reasons why this had happened, for example it noted problems implementing a major system upgrade which had a substantial impact on short term service provision.

Mrs S has made the case that because of Prudential's poor communications, the switch of her personal pension funds was delayed. Instead of moving to a new provider in May 2020 on her birthday avoiding a market value reduction (MVR), her funds were switched in July 2020 and she incurred an MVR.

Ultimately, Prudential accepted the poor quality of some of its communications. It acknowledged that MVRs had been applied to certain of Mrs and Mr S's pension plans because of its communication failures. And it undertook to make sure they were no worse off financially as a result of the things it had got wrong.

Prudential also acknowledged it had caused Mrs and Mr S inconvenience over a prolonged period. It says to date it's paid them each £750 in recognition of this.

The Investigator didn't uphold Mrs S's case. She thought Prudential had done enough to put Mrs S back into the position she'd have been in if everything had gone smoothly. But Caleb said that correspondence from Prudential showed that an MVR had been applied to her policy ***050.

As both parties didn't agree with the Investigator's recommendations, Mrs S's complaint has been passed to me to review and for decision.

Given the confusions around this case and the to and fro between Mrs S, Prudential, her adviser and this Service, to be fair to all parties I issued a provisional decision earlier this month. That was to provide a space for all to reflect following my summary of the position and in light of my initial findings and conclusions.

As neither party has provided any new material evidence or argument, I see no reason to depart from my provisional 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.

Where there's conflicting information about what happened and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what's most likely to have happened.

I've not provided a detailed response to all the points raised in this case. That's deliberate; ours is an informal service for resolving disputes between financial businesses and their customers. While I've taken into account all submissions, I've concentrated my findings on what I think is relevant and at the heart of this complaint.

I'm not upholding Mrs S's case. I'll explain why.

I can see that in its FRL of 15 February 2021, which was addressed to Caleb, Prudential set out its position on Mrs S's pension plans. This time it had associated her with the correct policy numbers. It was also a lot clearer than it had been about what it was accepting responsibility for and how it would try to put things right. The following extract is relevant:

*"The transfer of policy ***050 was processed with effect from 22 July and we arranged for £38,102 to be transferred to Royal London. An MVR of £1,385.05 had been applied. I estimated that if we hadn't caused any delays then we would have transferred £39,302.26 on 29 May with no MVR applying."*

"We wrote to Royal London to establish whether [Mrs S] had been disadvantaged. We received a reply from Royal London on 15 January 2021. My colleague...emailed you on 29 January requesting confirmation of the actual units that had been bought as this hadn't been provided by Royal London..."

I can see from the business file Prudential provided that in March 2021 there were a series of emails under the title *Mrs and Mrs S – ongoing complaint*, between Mr S, Caleb and itself which sought to agree a position on redress across their pension plans. This included a proposed payment of £2,105 for Mr S and £10,550 for Mrs S.

I should note that the payment to Mrs S incorporated two elements. About £2035 of this related to her personal pension ***050.

I note that on 18 March 2021 after reviewing Prudential's proposition, Mr S responds to his adviser at Caleb saying:

"Thanks I fully understand now. I accept their offer."

I've also seen an invoice raised by Prudential which shows the agreed redress was paid to Mr and Mrs's new pension provider around 23 March 2021.

It's not clear to me why this didn't draw a line under matters. Perhaps Mrs and Mr S remained unclear about how the settlement had been arrived at, although the terms in which Mr S accepted Prudential's offer doesn't suggest such. Or perhaps they felt that Prudential should be offering further compensation for the things it had got wrong.

Prudential accepts the switch of Mrs S's funds should've been completed on 29 May 2020, without an MVR. It assumed these would've been invested in the same way as happened to her reduced funds in July 2020.

The money released from Mrs S's Prudential pension was to be invested across 11 funds, according to an agreed percentage share of the money being switched into each. Each fund had a separate unit price to show its value. And each was subject to its own movement according to the markets. So, there were a lot of moving parts to take into account with any redress. The price of units can change daily, upwards or downwards. It's also important to note that the relative value of the 11 funds to each other was also dynamic.

Prudential liaised with Royal London and confirmed how many units would've been purchased, had it sent the correct fund at the correct time. It identified the difference compared with the units that were purchased. A calculation was then undertaken to find the amount needed to ensure Mrs S had the number of units she would've had, if the switch hadn't been delayed. This produced the loss figure of £2,035.

Caleb and Mrs S have now had an opportunity to review the methodology used by Prudential in calculating the redress on her plan ***050.

Generally, when asking firms to compensate for investment losses due to delays in switching, this methodology is reasonable. I think that's the case here.

Turning to awards for distress and inconvenience. When I'm considering a complaint like Mrs S's, I think about whether it's fair to award compensation for distress and inconvenience. This isn't intended to fine or punish a business – which is the job of the regulator. But when something's gone wrong, recognition of the emotional and practical impact can make a real difference.

We're all inconvenienced at times in our day-to-day lives – and in our dealings with other people, businesses and organisations. When thinking about compensation, I need to decide that the impact of Prudential's actions was greater than just a minor inconvenience or upset. It's clear to me that this was the case here. And I think that's what Prudential thought too.

Prudential has apologised to Mrs S for the things it's got wrong. It's tried to put her back in the position she'd have been in if things hadn't gone wrong. And it's offered her and her husband over £750 each to compensate them for the distress and inconvenience it's caused. That's considered a substantial award by this Service.

I think Prudential's compensation for inconvenience is reasonable.

My final decision

For the reasons I've already set out, I'm not upholding Mrs S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 25 April 2022.

Kevin Williamson

Ombudsman