

The complaint

Mr J complains that The Prudential Assurance Company Limited incorrectly quoted the value of his pension fund. He says he based his retirement planning on incorrect information.

Mr J's represented by Mr C, an independent financial adviser.

What happened

Mr J held four pension plans with Prudential, which were invested in a 'PruGrowth' fund. In December 2020, he received a pensions valuation which stated that the total value of his pension fund was £71,510.10. But in March 2021, he received a further valuation which stated that the total value of the fund was £68,587.19. This suggested there'd been a fall in the total value of the fund of £2,922.91.

Mr C made a complaint to Prudential about the drop in fund value. He questioned how the value of Mr J's pensions could have dropped, given there'd been no downward adjustment in the unit price of Mr J's fund.

In April 2021, Mr J transferred three of his pension plans to another provider. He left the remaining plan, valued at £47,912.83, in the PruGrowth fund.

Prudential initially responded to Mr J's complaint in July 2021. In brief, this letter stated that Mr J's fund value had fallen because of a bonus announcement for the with-profits fund. And the letter dealt with a separate complaint point relating to a delay in switching Mr J's four plans from one Prudential fund to the PruGrowth Fund. Prudential paid Mr J £400 compensation to recognise the poor service it had provided.

On 15 September 2021, Prudential issued a further response to Mr J's complaint. It said that the response of July 2021 was technically incorrect and should be disregarded. It explained that the value of Mr J's pension fund had never fallen in value and it agreed with Mr C that there hadn't been a reduction in the unit price of the fund. It said that the statements which had been issued to Mr J in December 2020 and March 2021 were incorrect and had quoted the wrong fund values. This was due to a systems error following a systems migration, which had led to the incorrect pension values being included on some pension statements.

Prudential provided a copy of an accurate pension valuation, dated 15 July 2021, showing the value of the plans as at 17 March 2021. This showed that the total value of Mr J's pension fund was £68,563.66. Prudential recognised that Mr C had carried out work in resolving the matter and offered to consider the cost of that work, subject to being provided with an invoice.

Mr J remained unhappy with Prudential's administration of his pension fund and so Mr C asked us to look into this complaint. Mr C said that Mr J had been in the process of retiring and so had relied on the fund value he was quoted in the December 2020 valuation. He felt Mr J should be paid the difference between the December 2020 quote and the actual fund valuation to compensate for the reduction in the pension benefits he'd thought he would receive.

Ultimately, our investigator concluded that Prudential had settled Mr J's complaint fairly. She didn't think that he'd been entitled to a pension fund of £71,510.10 and so she didn't think it would be fair to require Prudential to add the difference to his fund. But she did think that Mr J had suffered a loss of expectation and that he ought to be compensated to recognise this. Overall, she felt the £400 compensation Prudential had already paid Mr J was fair and reasonable and she didn't think it needed to pay anything more.

Mr C disagreed on Mr J's behalf and so the complaint's been passed to me to decide. It's important that I make it clear that this decision will only consider the impact of Prudential providing Mr J with the incorrect fund value. I won't be considering the separate issue regarding the delayed switch from one Prudential fund to the PruGrowth fund. That's because neither Mr J nor Mr C have asked us to look into that issue.

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, whilst I'm sorry to disappoint Mr J, I think Prudential has settled his complaint fairly and I'll explain why.

It's clear that Prudential has made more than one error in its dealings with Mr J and it went on to issue a response to his complaint which was factually incorrect. Not only did the December 2020 valuation set out a wrongly inflated fund value; the initial March 2021 valuation also quoted an incorrect total fund value. Prudential says that both statements included the wrong values due a system migration error.

These mistakes were compounded by Prudential's first response to Mr J's complaint. Mr C had correctly noted that there'd been no reduction in the unit price of Mr J's fund over the relevant time period. But despite Mr C having pointed this out to Prudential on 17 March 2021, it initially responded to the complaint and suggested that the fund *had* fallen in value due to an announcement relating to a with-profits bonus. It was only in its September 2021 response to this complaint that Prudential correctly informed Mr J that there hadn't been a fall in the value of his fund; that the previous valuations had been wrong and provided him with a copy of the accurate valuation statement.

Given Prudential acknowledges it made these errors, I think it was appropriate and reasonable for it to consider how to put things right. It paid Mr J a total of £400 compensation and it also offered to pay Mr C's costs for the wasted time that dealing with the complaint had caused his business. So I've gone on to think about whether this was a fair and reasonable response from Prudential.

First, I've considered whether Prudential's mistakes caused Mr J any actual, identifiable financial loss. Mr C says that Mr J based his retirement planning on the December 2020 valuation he was sent. I don't doubt that it was frustrating and upsetting for Mr J when he discovered, in March 2021, that his total fund was broadly £2900 less than he'd originally thought it would be. But Mr J's fund never had been worth £71,510.10 and this means he was never entitled to access or transfer that amount of money. So I don't think I could fairly direct Prudential to effectively top-up his pension fund by paying him the difference between the incorrectly quoted pension fund value and his actual total fund value.

Mr C says that in January 2021, he and Mr J had a conversation in which it was decided to transfer all of Mr J's pension plans from Prudential to another provider. But that it was then thought best for Mr J's largest pension plan to remain with Prudential while the complaint was looked into. The transfer of three of Mr J's pensions plans took place in April 2021.

Whilst I accept Mr J may have originally wished to transfer his whole fund to another provider, it was Mr J's or his adviser's decision to leave one pension behind whilst the complaint was investigated. He didn't need to do this. In any event, neither he nor Mr C have complained that he was materially disadvantaged by the fourth plan remaining with Prudential.

As I've set out above, I don't doubt that Prudential's mistakes caused Mr J frustration and upset. He was wrongly led to believe that his pension was worth broadly £2,900 than it actually was. This clearly resulted in Mr J unnecessarily suffering a loss of expectation. It must also have been even more frustrating when Prudential provided Mr J with an incorrect explanation as to what had caused the apparent drop in values. Mr J wasn't given accurate information about the value of his fund by Prudential's complaints team until September 2021 – around six months after this had been queried. (Although I do note that a copy of the correct values appears to have been prepared and addressed to Mr C's office on 15 July 2021 – around three months after the complaint had first been made).

I think that it was appropriate for Prudential to compensate Mr J for its poor service and for his loss of expectation. And in my view, £400 compensation is a reasonable sum to recognise the distress and inconvenience I think this matter is likely to have caused Mr J.

Overall, I'm satisfied that while Prudential did make clear errors here which caused Mr J undoubted trouble and upset; it has settled Mr J's complaint fairly. Therefore, I'm not directing it to pay anything more.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 27 October 2022.

Lisa Barham
Ombudsman