

The complaint

Ms P has complained about the service and delays she experienced when trying to access her pension benefits with The Prudential Assurance Company Limited (Prudential).

What happened

Ms P held a personal pension with Prudential. She has explained that she had intended to start taking her pension in the 2020/2021 tax year, but when the covid pandemic hit she decided to wait until the end of 2020 to see if the markets had settled.

In December 2020 Ms P's Prudential advisor contacted her to let her know he was leaving the business. Ms P has said she waited for a new advisor to contact her after this, but by mid-February 2021 she'd not heard anything and so tried to contact Prudential herself.

Ms P has said she found it impossible to speak with an advisor at Prudential despite numerous call attempts.

On 24 February 2021 Ms P has said she was finally successful in reaching an advisor at Prudential and explained that she had seen an article in a newspaper relating to new regulations that meant she didn't need to take financial advice to access her pension. The advisor said she was unaware of any changes and that if Ms P wanted to access her pension policy by drawdown she'd need to obtain financial advice first. Ms P was unhappy with this and raised a complaint.

On 25 February 2021 a financial advisor from Prudential called Ms P to discuss her pension following the previous day's call.

Ms P has said she found this advisor to be abrasive and it felt that he was forcing her to take his advice in order for her to access her pension. Ms P has also said she felt uncomfortable discussing her financial situation with him and declined to have a further meeting online. Ms P wanted to know the regulatory basis on which Prudential were relying to force her to take financial advice but couldn't get an answer from the advisor she spoke with.

Ms P escalated her complaint on 8 March 2021 not hearing any further responses from Prudential.

On 16 April 2021 Prudential provided Ms P with its first final response letter (FRL) and acknowledged that its service could have been better. But it also explained why it required her to take advice if she wanted to move her pension to the Income

Drawdown plan.

It offered her £200 compensation to acknowledge the inconvenience it had caused in its delays in responding to her complaint. Prudential also offered to calculate any potential financial loss Ms P may have suffered due to the delays – if she took her policy's benefits within eight weeks of its letter.

Ms P was unhappy with this outcome and escalated the matter further.

Prudential responded to this escalation on 28 April 2021 again explaining why it required her to take advice if she wanted to move to the Income Drawdown plan it offered. But it acknowledged her complaint about how its financial advisor had made her feel uncomfortable and offered a further £200.

Ms P has stated she then noticed on 3 May 2021 that her pension's value had dropped by approximately £5,500 and when she queried this with Prudential she was told that the bonus value had been reduced on 1 April 2021 which had caused the overall drop in her fund's value.

On 13 May 2021 Ms P decided to instruct an independent financial advisor to assist her with taking her pension benefits. Her advisor recommended she transfer her pension to Business B and utilise its income drawdown product. Ms P agreed with the recommendation and her advisor began the transfer process and by 5 July 2021 Prudential sent the transfer forms into Business B.

There were some delays in the transfer around information about Ms P's address, but the transfer was completed by 14 August 2021 and her funds invested with Business B by 19 August 2021.

The complaint was assessed by one of our investigators who felt the complaint should be upheld in part. He was of the view that Prudential had explained why advice was needed for the kind of product Ms P had wanted and couldn't agree that it acted unreasonably by refusing to transfer the personal pension plan to the income draw down product without advice.

The investigator also disagreed that Prudential were responsible for Ms P missing out on the 2020/2021 tax year and that she only began the withdrawal process after the deadline had already passed. And this included the bonus amount that was reduced in May.

The investigator also felt the £400 that Prudential had offered to acknowledge the stress and inconvenience its customer service had caused was reasonable and he didn't recommend increasing this amount.

However he did feel that Prudential had contributed to delays when Ms P started the withdrawal process and so Prudential needed to compensate her for the financial loss this had caused. This was because while Prudential had compensated for some of the financial loss Ms P's pension had suffered due to the delays, it hadn't considered the financial loss related to Ms P taking her tax free lump sum and her first drawdown payment.

The investigator initially decided that Prudential needed to calculate the interest based on our Service's standard approach of 8% p.a simple interest on the 25% tax free cash (TFC) she had taken and her first drawdown payment of £1,571, calculated from 21 July 2021 until 20 August 2021 and paid to her directly.

Prudential queried the investigator's timeline. It felt that while Ms P's funds had transferred on 14 August 2021, the TFC was only withdrawn on 27 August 2021. So it reasoned that even if the transfer had happened a month earlier it would still have taken thirteen days for the TFC and first drawdown payment to have been made – meaning the actual date should be 27 July 2021.

The investigator reviewed this and agreed with Prudential regarding the time frames it needed to calculate the compensation on.

Ms P disagreed with the investigator's findings, and so the complaint has been passed to me to decide.

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, I have reached the same conclusion as the investigator and for broadly the same reasons.

In making her complaint Ms P has set out a detailed and comprehensive timeline of events and instances where she feels Prudential has failed or acted incorrectly. I can assure all parties that I have reviewed all of the information thoroughly, but my findings address only the crux of the complaint.

Ms P has described her losses caused by Prudential as being:

- Unable to drawdown in the tax year 2020/21 meaning should she take those funds now she'd incur a £2,400 tax liability
- A bonus readjustment conducted on 1 April 2021 meant her fund value dropped by £5,583.55 – Ms P also notes the compound interest on this amount should be added to the losses she's suffered
- A payment to acknowledge the stress, anxiety and time taken to resolve the matter since she first contacted Prudential
- Ms P had to utilise her savings while waiting for the drawdown to be finalised to support her monthly outgoings. And a lump sum was needed to pay for home improvements and a house extension, meaning she's lost out on interest.
- Prudential caused further delays with her pension transfer to Business B
- Ms P believes Prudential could have actioned her request to access her pension before the 2020/21 tax year ended. So I will first discuss this point.

Ms P has said that after her advisor at Prudential left the business in December 2020, she didn't receive any further contact and she had to contact Prudential herself

to begin the drawdown process.

While I understand her frustration, ultimately, I must consider that Ms P knew she wanted to begin the drawdown process before the tax year ended and knowing the deadline was approaching she could have tried contacting Prudential herself sooner. Ms P has also stated that she wanted to wait until the end of 2020 in any event due to the previous instability in the markets caused by the pandemic.

Ms P only began to action a transfer away from Prudential towards the end of May after instructing an independent financial advisor to assist with this. I appreciate that Ms P believed she could access her pension without needing to incur the costs of a financial advisor and first attempted to get Prudential to let her access her pension without advice, but Prudential was clear from the point she first contacted it that she would need to receive advice to access the drawdown product.

Prudential has explained that Ms P's pension was a personal pension and this type of policy did not have a drawdown facility as per the policy's terms and conditions and while Prudential does offer a drawdown plan it is a requirement for any customer wanting this product to first receive advice.

This is a business decision Prudential has made relating to this specific product and our Service can't comment on its decision. Ultimately Ms P was made aware of the reasons why she needed to take advice and she only appointed an advisor to assist her with actioning her request in May 2021, which was already after the tax year had ended.

So I'm satisfied that Prudential isn't responsible for any financial losses Ms P may have incurred before this point.

Turning now to the delays that occurred once Ms P did action the transfer to Business B.

Prudential has acknowledged that it had caused delays and that without the errors the transfer could have completed by 14 July 2021 instead of 14 August 2021.

Ms P has stated her transfer forms were submitted to her IFA on 5 July 2021 and the transfer was requested by 9 July 2021. Given the nature of this kind of transfer I agree that 14 July 2021 is a reasonable date for the transfer to have finalised had no delays been caused.

Prudential has provided calculations showing the financial loss that Ms P's fund suffered due to the delays it caused. However, it didn't consider the impact of the delays in relation to the funds that Ms P accessed after the fund was transferred.

As noted, initially the investigator indicated that 21 July 2021 should be used as the date for these calculations, based on what Ms P had told him when she had received the first sums from her pension.

However, Prudential clarified that the actual dates the funds were first released was actually 27 August 2021.

Given the transfer was delayed by exactly one month it's not unreasonable that the calculation date should then reflect the earliest Ms P would have accessed her funds as being 27 July 2021.

So I'm satisfied that the calculations Prudential has carried out are reasonable and I will not be asking it to change this.

Turning now to the distress and inconvenience that Ms P has said Prudential caused her.

Ms P has said that this experience with Prudential has been hugely stressful and time consuming and has impacted her both emotionally and physically. She has also explained that she has health related issues and this added to the impact the matter had on her while dealing with Prudential.

I am sorry to hear of the difficulties that Ms P experienced while trying to access her pension and the difficulties she has had with her health. But it is important to make clear that this Service is impartial and while I accept that a business's errors can impact its customers, I must also consider amounts that fairly acknowledge this and are proportionate to the errors.

I've considered that Ms P has said the impact of Prudential's actions has caused her considerable distress, upset and worry – and significant inconvenience and disruption that needed a lot of extra effort to sort out. As well as the problems lasting many months. And taking a step back and considering the events a whole I agree that the £400 that Prudential has awarded is fair in this instance to acknowledge the impact its errors have had and is a similar amount to what I would have awarded had no offer been made.

Having reviewed the complaint I am satisfied with the redress that Prudential has offered and I won't be asking it to take any further action in this instance.

Putting things right

Prudential must pay compensation of D + E where:

A = Interest due on the amount Ms P would have received from 27 July 2021 to 27 August 2021 .

B = Tax free cash should have received.

C = actual amount of TFC paid.

D = (A + B) – C

And

E = interest at 8% per cent per year simple from on 'D' from 27 August 2021 to date of settlement.

My final decision

My final decision is that I uphold this complaint in part. I direct The Prudential Assurance Company Limited to pay Ms P compensation in line with the approach set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 10 April 2023.

Ayshea Khan
Ombudsman