

The complaint

Mr P has complained that The Prudential Assurance Company Limited (Prudential) applied a market value reduction (MVR) when he switched the funds from his personal pension to another provider.

What happened

I issued my provisional decision in August 2022. I explained I did not intend to uphold the complaint.

In summary, Prudential changed its default position on what to do with customers' funds if the set retirement date was reached without the customer providing any instructions. Instead of transferring to the cash fund as had previously been the case, Prudential updated its policy to keep customers' funds in the plan once the set retirement date was reached. As a result of this update, it became necessary for Mr P to take action before the set retirement date, in order to avoid the possibility of being subject to an MVR if he subsequently wished to move the funds.

As I set out in my provisional decision, I was of the view that Prudential did enough to make Mr P aware of the updated approach and that it applied to him, and that Mr P was given sufficient opportunity to take action if he did not want this to happen. As Mr P did not take action, I was minded to conclude that Prudential had acted fairly in applying an MVR when Mr P later moved the funds.

In addition to Mr P's primary complaint, discussed above, I also considered various administrative concerns. Prudential sent Mr P incorrect information which wrongly stated the MVR charge as zero. There was also a delay of just over a month in executing Mr P's instructions to transfer to another provider.

Although these errors took place after the events relating to Mr P's primary complaint, and therefore could have no bearing on it, I recognise they caused him inconvenience. However, as Prudential had already paid Mr P £300 in recognition of this, I wasn't minded to ask Prudential to make any further award.

Prudential has accepted my provisional decision without making any further comments or submissions. Mr P has not accepted my provisional decision and has made a number of comments, as outlined below.

Firstly, Mr P has specifically asked why the letter dated 15 July 2020 is not relevant in terms of supporting his primary complaint. Mr P has pointed out that the letter says he had until his 75th birthday to take action and reach a decision about his retirement income, and that it also says - further down the page - that no MVR will apply at his selected retirement date.

It appears the comment that no MVR will apply refers to the *new* selected retirement date of Mr P's 75th birthday, as established earlier in the letter - although I understand why Mr P might've found this confusing. In any case, as I said in my provisional decision, any correspondence sent to Mr P *after* the set retirement date of 14 July 2020 had passed

couldn't have had any bearing on his failure to give instructions *prior* to that date. So, my finding stands that Prudential did enough to make Mr P aware of the updated approach and gave him sufficient opportunity to take action before the set retirement date.

Mr P has also reiterated the personal difficulties he was going through at the time, and I do understand why this might've made him less likely to prioritise and focus on his pension. However, as I said in my provisional decision, I think Mr P most likely received the communications Prudential sent prior to the set retirement date, and it was his responsibility to read and act on these communications. So it wouldn't be fair to hold Prudential responsible for him not taking action in sufficient time to avoid the possibility of being subject to an MVR.

Mr P has also argued that the communications Prudential sent him after the set retirement date had passed, which wrongly stated the MVR as zero, should be considered binding on the business. However, my role is to put Mr P back into the position that he would've been in had the mistake not happened. As previously stated, Mr P would've found himself in the same situation regarding the MVR whether or not the incorrect communications had been sent, because he would've still missed the 14 July 2020 deadline. I acknowledge that the letters were confusing and inconvenient, but – as stated in my provisional decision - I think the £300 Prudential has already paid adequately compensates Mr P for the various administrative errors that have taken place.

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.

The deadline for further submissions has now passed. Having reconsidered the complaint again in its entirety, along with the additional comments that have been provided by Mr P, I have reached the same decision as before, and for the same reasons.

My final decision

I'm not upholding this complaint or making any award against the Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 November 2022.



Ellie Clare
Ombudsman