

The complaint

Mr B complains that The Prudential Assurance Company Limited failed to provide him with annuities on his pension savings in a timely manner.

What happened

Mr B held three pension plans with Prudential. Each plan entitled him to receive a guaranteed income annuity at his selected retirement dates (that were October 2019, March 2020, and October 2021). Mr B could decide to take his benefits at an alternative date, but Prudential would make an adjustment to the income it would pay on the plan.

In October 2021 Mr B asked Prudential, via his financial advisor, to put each of his pension plans into payment. He requested to take a pension commencement lump sum ("PCLS" – otherwise known as tax free cash), and use his remaining pension savings to purchase an annuity under the terms of the guarantee.

But Prudential agrees that it failed to act on Mr B's request in a timely manner. One plan was put into payment on 23 December 2021. The other two plans didn't enter payment until 3 April 2022. Mr B's complaint was dealt with by Prudential in two different response letters.

The first letter dealt with the plan that entered payment in December 2021. Prudential told Mr B that it thought that annuity should have put into payment by 25 October 2021. So it paid him some compensation for the delay. The second letter dealt with the other two plans. Prudential told Mr B that it thought those two plans should have been put into payment by 26 December 2021. So Prudential paid Mr B some further compensation to reflect the delay to the payment of his PCLS and the annuity payments that had been missed. And Prudential paid £525 to Mr B for the inconvenience he'd been caused, and the cost of the phone calls he'd needed to make. Prudential also told Mr B that, if he provided evidence of any other losses caused by the delay, it would consider a further compensation payment.

Mr B didn't provide any further evidence to Prudential, but brought his complaint to us. Around that time Prudential told us that it had reviewed what it had said about the first pension policy, and now thought that the annuity had started around the right time. But it said it wouldn't be asking Mr B to repay the compensation he had been given in the first response letter. We also asked Mr B to provide some evidence of the additional losses he said he had suffered as a result of the late PCLS and annuity payments. But nothing further was received.

Mr B's complaint has been assessed by one of our investigators. He thought that the compensation Prudential had paid for the late start of the annuities was in line with our normal approach. And he noted that, since Mr B had not provided any evidence of the additional losses he claimed to have suffered, it wouldn't be reasonable to ask Prudential to pay any further compensation. So he didn't think Prudential needed to do anything more in relation to the complaint.

Mr B didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr B and by Prudential. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Prudential has accepted that it didn't deal with Mr B's request to take his pension benefits from all three plans in as timely a manner as it should have. I have looked at the hypothetical timeline that Prudential has suggested should have applied, and was set out for Mr B in our investigator's assessment. I think that hypothetical timeline is reasonable, and suggests that Mr B's pension benefits should have been paid to him by 26 December 2021.

As I said earlier, the benefits from one of Mr B's pension plans were paid to him a couple of days before the hypothetical date I've set out above. So, had no compensation been already paid by Prudential, I wouldn't be making any award in respect of that plan. But Prudential says it mistakenly calculated an earlier date when it responded to Mr B's complaint and paid him some compensation. It is not however seeking to recover that compensation, or offset its value against any other compensation that might be due. So I don't think there is anything further for me to consider in respect of the first pension plan that Mr B put into payment.

But there was a delay, compared with the hypothetical timeline, in the payment of the pension benefits from the other two plans. Those payments were made to Mr B in April 2022, so a delay of around three months occurred. I do think it right that Mr B be paid some compensation in relation to those two plans. So I've looked carefully at the calculations Prudential carried out when assessing the compensation it would pay.

I think that the direct losses Mr B experienced from the delay came in two parts. First of all he was without the use of his PCLS for an extended period of time. And secondly, he will have missed out on some annuity payments due to the late start of his pension benefits. I think it is right that Prudential has paid compensation to Mr B, using the normal statutory interest rate of 8% simple, for those delays, as well as paying him the additional monthly annuity payments that were missed. I think that the calculations Prudential carried out to assess those compensation amounts were entirely in line with what I would recommend in circumstances such as these.

But Mr B has told us, and Prudential, that he has also suffered some consequential losses as a result of the delayed payments. He says that the PCLS payments were being used to fund the self-building costs of a new home. He says that the delays meant that the cost of materials have risen sharply, and that he needed to use other short term finance methods such as bank overdraft and credit card facilities to bridge the funding gap. Mr B says that he is a self-employed builder so his business reputation has suffered through the late payment of suppliers.

I have no reason to doubt what Mr B says here. But in order to be fair to both parties I don't think it unreasonable to expect Mr B to provide some evidence to support the consequential losses that he has said he incurred. It is not unlikely that other factors, apart from the delay caused by Prudential, might have contributed to the losses that Mr B says he has suffered.

Mr B has been given a number of opportunities to provide the requested information and evidence. Our investigators have explained why we need the information and the likely consequences of us not receiving it. Despite that, Mr B still hasn't given us what we asked for. So, I haven't been able to get a reasonable picture of the losses he says he has incurred, or to what extent Prudential should be held responsible for them. So I don't think it is appropriate to direct Prudential to pay any further compensation to Mr B in this regard.

There is no doubt that Mr B will have experienced inconvenience, regardless of any consequential losses, as a result of the delayed payments. As I said earlier Prudential has paid him £500 in respect of his inconvenience. I think a payment of that size is in line with what I would expect to award in circumstances such as these. So I don't think Prudential needs to pay anything further in respect of the inconvenience it caused to Mr B.

I appreciate that my decision will be disappointing for Mr B. Prudential delayed the payment of pension benefits that he had saved over a number of years. But I am satisfied that the compensation Prudential has paid for the direct financial impact, and the inconvenience caused to Mr B, is fair and reasonable. And, without further evidence, I am unable to agree that any further award should be made in respect of the consequential losses that Mr B has claimed. So I don't think Prudential needs to pay any further compensation to Mr B.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against The Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 May 2023.

Paul Reilly
Ombudsman