

## The complaint

Mr C complains that The Prudential Assurance Company Limited delayed the transfer of his Self-Invested Personal Pension (SIPP) to his new provider. He says Prudential have not been transparent with how they calculated his plan's transfer value.

Mr C says he's lost out financially because of Prudential's delays and miscalculations and he'd like them to recompense him for the losses he feels he's incurred.

## What happened

In January 2021, Mr C contacted Prudential to discuss switching his SIPP to Interactive Investor (ii). Two days after that discussion, Prudential had received all of the necessary paperwork it needed to enable them to move the pension to Mr C's new provider.

Prudential switched Mr C's pension to ii on Friday 26 February 2021 using the value of his plan as of 18 February 2021. His new provider state they received the monies from Prudential on 3 March 2021 and applied the funds to Mr C's pension the next day.

Shortly afterwards, Mr C decided to formally complain to Prudential. He said in summary that he thought the value Prudential had transferred to ii, should've been higher and so he wanted them to recompense him. He said having done his own research, he thought the value of his plan on 17 February 2021 should have been £9,156 more.

After reviewing Mr C's complaint, Prudential agreed they hadn't acted as promptly as they should have when switching his pension to ii. They concluded they should have used an earlier valuation date of 21 January 2021 when moving his pension. Prudential then checked to see if Mr C had been impacted financially by their delay. Having looked at the difference between what they transferred on 26 February and the value on his plan on the earlier date (21 January) meant Prudential needed to top-up Mr C's plan with ii by an additional £367. At the same time, Prudential also checked to see if Mr C had missed out on any investment growth as a consequence of sending the monies a month later than they should have done. Having looked at Mr C's plan, ii confirmed to Prudential that as his fund was uninvested, there was no loss for Prudential to make good. Mr C's ii plan was credited with the additional £367 on 6 August 2021. Finally, given the trouble they'd caused Mr C Prudential also offered him £400 for the inconvenience and upheld his complaint.

Mr C was unhappy with Prudential's response, so he referred his complaint to this service. In summary, he said he didn't think Prudential had been transparent about how they'd calculated the SIPP's transfer value. He said he was unhappy at Prudential's unwillingness to provide a breakdown of the asset values within the plan so he could satisfy himself what they were saying was correct. He also thought, given Prudential's delays, he'd suffered charges that could've been avoided.

The complaint was then considered by one of our Investigators. He concluded that Prudential had treated Mr C fairly and the revised date Prudential had used in its complaint

resolution letter looked reasonable. He also felt the £400 they'd offered was in line with what this service would typically award consumers in similar situations to Mr C. He therefore didn't believe Prudential needed to take any further action.

Mr C however, disagreed with our Investigator's findings. In summary, he didn't think Prudential would ever have been able to process the transfer on 21 January and felt it fairer that a later date should be used. He thought the January date resulted in a lower transfer value that favoured Prudential rather than himself.

Our Investigator was not persuaded to change his view as he didn't believe Mr C had presented any new arguments he'd not already considered or responded to.

Mr C then asked the Investigator to pass the case to an Ombudsman to review that outcome.

### **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.

I have summarised this complaint in far less detail than Mr C has done and, I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this; our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. Having done so, I won't be upholding Mr C's complaint and largely for the same reasons that our Investigator provided in his initial view. I'll explain why below.

What's not in any doubt here is that Prudential didn't transfer Mr C's SIPP in a timely manner. They've apologised for the delays they caused and provided an explanation on why they weren't able to deliver the service levels they'd typically expect at that time. What's at the heart of this complaint is, had it not been for the shortfalls in those service levels, at what point would Prudential have moved Mr C's fund and therefore, the valuation that he should be entitled to receive.

Before I go further, I think it is important to make reference to a point that Mr C has made in his complaint to this service – a delayed UFPLS payment. Mr C explained that he wanted to take an income payment from his Prudential plan but didn't do so because of Prudential's inability to process the payment before the tax year end. He therefore decided that he would do so after switching his plan to ii. The UFPLS payment was made by ii to Mr C on 6 April 2021. If Mr C is unhappy about the timing of that UFPLS payment being made in the 2021/22 tax year, it's a point he needs to take up with his current SIPP provider as my decision focuses purely on Prudential and they weren't responsible for his pension after 26 February 2021.

I actually think that the issue at the heart of this complaint is relatively straightforward. In his exchanges with both Prudential and this service, Mr C asked for various valuations on different dates in January, February and March to undertake a series of comparisons. But, it seems to me the most important consideration in this complaint is, had it not been for Prudential's IT issues, at which point they should've sent Mr C's monies to ii. In situations such as this, whilst I can't say what would definitely have happened, I have to base my decision on what's most likely to have happened with the information I have before me.

Looking at the timeline, it appears Mr C first made contact with Prudential on 23 December 2020. I've listened to the call Mr C had with our Investigator when he originally submitted his complaint to us. He explained he was becoming increasingly concerned about the service levels at Prudential and was looking at alternatives for his pension.

Following the Christmas break, Prudential spoke to Mr C on 12 January 2021. At that stage he confirmed he wished to transfer to ii. He then returned the relevant paperwork which Prudential received on 14 January 2021. Prudential have explained it's at that point they had everything they needed from Mr C to process the transfer. From this point, it would've then taken them a week to complete their administration and as such, they concluded the consumer should be entitled to the value of the plan as of 21 January 2021. That's when Prudential have stated they should've finalised the transfer. Mr C's monies were invested in two equity funds and Prudential's with-profits fund. Given he'd asked for his fund to be sent as cash only, that only required Prudential to sell down the assets and complete their respective due diligence on the receiving scheme. So, whilst that's a fairly quick timeline, it's not implausible if they're in receipt of fully completed paperwork. And Prudential explain that it was the service level agreement, which I would normally expect a business to comply with.

In his correspondence with this service, Mr C has explained Prudential should have used other valuation dates. He feels Prudential used 21 January to disadvantage him and the date is random bearing no link to what they would've been able to achieve in reality. However, I don't agree. That's because by backdating the value to January, Prudential found themselves having to pay Mr C further funds. In addition, Prudential explained that after a phone call with Mr C on 12 January, by 14 January they then had everything they needed to start processing the transfer. I therefore don't think it's reasonable that they would delay the switch for a further month or even into March because they already had the relevant paperwork needed. Conversely, had they done so and the unit price were less, Mr C would be well within his rights to challenge why they waited for two months. However, by working to the 21 January, the date isn't unreasonable and importantly, it puts Mr C back into the position he would've been in had Prudential worked to its service level agreement.

Mr C said given his previous experience with Prudential taking several weeks to process an UFPLS payment, he didn't think they'd be able to switch a pension away in the timeframe they set out. However, having thought about that point of view, I don't agree. That's because switching a pension and providing an UFPLS payment are both very different processes.

By working to the 21 January 2021, I'm able to determine the difference between what Mr C's plan should have yielded on that date, compared to what Prudential transferred to ii on 26 February 2021. Prudential originally sent £656,677.96 to ii on 26 February. Having considered Mr C's concerns, Prudential calculated they should have transferred £657,045.09 meaning a further £367.13 needed to be sent to ii. Prudential have shown how the figure for 21 January was reached and I've no reason to believe it isn't correct.

Prudential also checked with ii that Mr C hadn't lost out on any investment growth on the transfer shortfall. Given that Mr C hadn't invested his transferred funds at that stage, then I think it was fair of Prudential to conclude that Mr C hadn't missed out on potential investment returns on the £367.13 by receiving it later.

Mr C's pension was invested in two of Prudential's equity funds and also their with-profits fund. On transfer, the with-profits element of his fund benefited from a final bonus. Given the nature of with-profits funds, it's not a simple matter to determine how that figure was formulated but, I've no reason to believe it's not accurate given such bonuses are determined by Actuaries. I should also explain that the level and nature of bonuses declared by Prudential on its with-profits fund is the result of a commercial decision taken by them acting on the advice of its Actuaries which impacts *all* policyholders invested in that fund. As

a result, it is not within the remit of this service to either sense check Prudential's bonus decisions or scrutinise their calculations. Prudential have provided Mr C with a breakdown of the units within his fund on different dates and as our Investigator has already explained, this service does not provide a checking service. Our role is to determine the point at which the pension would most likely have been transferred in normal circumstances.

Mr C explained that he wanted Prudential to refund the annual management charge they'd taken from his plan on 14 February 2021. However, as Prudential's calculation took account of the plan value in January, the management charge from February wouldn't have been applied and therefore excluded from the transfer amount. So, the increased value never suffered that charge. Therefore, Mr C hasn't suffered that cost so Prudential have nothing further to refund.

Finally, I've thought about the £400 Prudential offered to Mr C for the trouble and upset they caused him by delaying his transfer and in having to complain. I think based on the level of inconvenience he's suffered, the £400 appears fair and reasonable and in line with what I would typically recommend on similar cases such as this.

### **My final decision**

I do not uphold the complaint and I won't be asking The Prudential Assurance Company Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 June 2023.

Simon Fox  
**Ombudsman**