

The complaint

Mr B complains that The Prudential Assurance Company Limited (Prudential) failed to make him aware of the Annual Management Charges (AMC) attached to his pension.

Mr B has told this service that although he made a separate complaint to Prudential about delays to his transfer, this complaint is about the AMC. So I haven't considered his complaint about any transfer delays in my decision.

What happened

Mr B had a pension with Prudential which was invested in the With-Profits Fund. On 12 May 2020, Mr B completed a fund switch form to request that all of his pension should be switched into the Prudential Cash Fund.

Mr B signed the declaration on the switch form to confirm that he had read the notes it included. And that he was happy to confirm the transfer request. The notes included the following statement:

"Details of all funds currently available are contained in the fund guide available on pru.co.uk or on request."

And on the top left of the page containing the declaration, it also stated:

"Your Fund Guide is available at pru.co.uk/pdf/INVB6572.pdf or on request".

Mr B submitted the switch form on 12 May 2020 through a secure message to Prudential. He confirmed in this message that he was an experienced investor who didn't need financial advice.

Prudential wrote to Mr B on 14 May 2020 to tell him that his pension would be subject to a Market Value Reduction if he completed the transfer. Mr B replied on 19 May 2022 to confirm that he understood this and was still happy to go ahead with the transfer.

Prudential wrote to Mr B on 25 May 2020 to confirm that his pension had been switched to the Prudential Cash Pension Fund.

Mr B wrote to Prudential again on 29 May 2020 to ask it when he'd be able to see a balance on his mypru account. Prudential replied to Mr B on 9 June 2020. It confirmed that it'd processed Mr B's requested fund switch as at 12 May 2020. The letter also stated:

"Please note that the option to view your balance is not available online as of now as this product is not supported online and if its available in the future then we will communicate this to you accordingly."

Mr B contacted Prudential on 19 December 2022 to ask for a discharge form as he wanted to transfer his pension to another provider. He also said he wanted to complain about the 1% AMC on the Cash Fund. Mr B also called Prudential on 22 December 2022 about this complaint.

Prudential issued its final response to the AMC complaint on 4 January 2023. It didn't think it'd done anything wrong. Prudential said that the AMC was a charge taken to cover the cost of running the chosen fund, and that it was for managing, marketing and administering the fund. It said that its fund managers set the rate of the charge at a level that they felt appropriate for the needs of the fund and the business. And that the AMC formed part of the terms and conditions of Mr B's pension.

Prudential said that Mr B had told it he was an experienced investor when he'd made his switch request. And explained that the With-Profits fund Mr B had previously been invested in had an implicit, rather than an explicit charge like the Cash Fund.

Prudential replied to Mr B about his request for a discharge form on 9 February 2023. It apologised for the delayed reply. It also sent Mr B an explanation of the Cash Fund's AMC, alongside a copy of the fund guide, on 10 February 2023. Mr B replied on 14 February 2023 to ask Prudential to send him the relevant fund guide from May 2020. He said he didn't recall there being anything available in print at the time of the switch.

I understand that Mr B transferred his pension to another provider in June 2023. But there were delays with the transfer which he complained to Prudential about.

Prudential issued a further complaint response on 12 July 2023 about both the AMC complaint and the transfer delays. It still didn't think it'd done anything wrong when it'd charged Mr B the Cash Fund AMC.

Prudential said that Mr B had completed an Investment Alteration Form, which it felt clearly showed the online path to access the fund guide. It said that page 11 of the guide referenced the AMC and page 14 stated that there was a 1% charge in the Cash Fund. It said that this information was freely available to Mr B. And it didn't agree that it had any obligation to discuss the AMC with Mr B when he called it about the switch. It said that the 1% AMC had always been present and switching to the Cash Fund didn't change this.

Mr B brought his complaint to this service in June 2023. He said he wasn't aware at the time of the switch into the Cash Fund that Prudential would deduct a large AMC from it. He didn't think it was reasonable, or standard industry practice. Mr B said that Prudential hadn't told him that an AMC would apply. Nor had it sent him product terms or conditions, or made information about the fund available on its website. He also said that Prudential hadn't been correct when it'd stated in its January 2023 final response letter that: *"information is contained within both the product literature for the policy and the fund factsheets"*.

Mr B said that Prudential had failed to provide him with relevant crucial information. He said there was no online link to a factsheet. And felt that this had caused him a financial loss from the unreasonable charges it'd applied. Mr B also noted that Prudential's 9 June 2020 letter confirmed that he hadn't even been able to get his balance online after switching to the Cash Fund, as that product wasn't supported online. He felt that Prudential should reimburse the AMC it'd taken from his pension since May 2020.

Our investigator didn't think the complaint should be upheld. He felt that Prudential had taken reasonable steps to make the fund charges available to Mr B before the switch. And said that Mr B had confirmed that he'd read the relevant notes and that he was an experienced investor before the switch.

Mr B didn't agree with our investigator. He said there hadn't been a link to the fund guide on the switch form. He said Prudential hadn't provided him with charging information in any printed or online form at the time of the switch. He also felt that although he'd been provided with the current linked document, this service should request a copy of the May 2020

document. He felt it could've changed since then.

Mr B also said that Prudential didn't tell him what his cash balance was until he transferred his pension in 2023. He felt that if he could've accessed it online or if Prudential had written to him with the balance at any time after May 2020, he would've immediately removed his funds due to the AMC. Mr B felt that Prudential must have an obligation to keep the customer informed. And said this was at odds with its consumer duty obligations.

As agreement couldn't be reached, the complaint has come to me for a review.

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'm not going to uphold it. I know this will be disappointing for Mr B. I'll explain the reasons for my decision.

I first considered whether Prudential took reasonable steps to inform Mr B about the charges.

Did Prudential take reasonable steps to make Mr B aware of the AMC?

Mr B said he wasn't aware at the time of the switch into the Cash Fund that Prudential would deduct a large AMC from it.

From what I've seen, Mr B genuinely assumed that he was switching into cash, rather than Prudential's Cash Fund, so I understand why he was so surprised to find out about the AMC. However, there was no option to switch into cash with Prudential without switching into a managed fund. And the management, marketing and administration of such funds comes at a cost. I've also seen no evidence that Prudential did anything to make Mr B think that there was no AMC for its Cash Fund.

The switch form contained a clear note stating where details of all the available funds were available online. And also provided a link to "*Your Fund Guide*". While I haven't been provided with a copy of the specific guide that would've been available to Mr B in May 2020, I have no concerns that it wouldn't have contained the fund charging information for the Cash Fund.

Mr B signed the declaration on the switch form which confirmed he'd read the notes I've referenced above. Therefore I'm persuaded that if he'd wanted to find out more about the investment he was about to make, the information he might need was readily available online. And if the information provided by the online link didn't give Mr B everything he needed before he signed the switch form, the notes also stated that information was available on request.

I appreciate that Mr B feels that there was no online link to a factsheet on the May 2020 switch form. But the signed copy that I've seen does contain the link and the note I've stated above.

Mr B could've clicked on the online link provided on the switch form. This would've shown him on page 14 that the AMC for the Cash Fund was 1%. The Fund Guide provided what I consider to be a clear explanation of AMCs on page 11. It said:

"We take an Annual Management Charge (AMC) for looking after your investment, from

each of the funds you invest in.”

The Fund Guide also includes on page 16 an explanation of the investment strategy of the Prudential Cash Fund. There is no other mention of cash investment in this document. Therefore in my view, if Mr B had looked at the Fund Guide at the time he was considering the switch, he would've been made aware of the AMC on the Cash Fund he was about to invest in. And he would've realised there was no cash investment available without such a charge.

I appreciate that Mr B doesn't think that the 1% AMC Prudential charged for the Cash Fund was reasonable, or standard industry practice. But Prudential is entitled to make a business decision to charge whatever it wants to for its funds. Consumers are also entitled to know what the fund charges will be. But as I stated earlier, from what I've seen, Prudential did make all of the information Mr B needed available to him before he submitted his switch request. Therefore I can't fairly ask it to refund the charges.

Mr B also feels that Prudential should've explicitly made him aware of the AMC when he called it to discuss switching funds. But I don't agree that it should. I say this because, as I've explained above, I'm satisfied that Prudential took reasonable steps to ensure that Mr B had all the information he needed when it asked him to confirm he'd read the notes on the switch form, as these explained where fund charges could be found.

I next considered Mr B's point that Prudential's 9 June 2020 letter showed that he hadn't been able to get his balance online after switching to the Cash Fund. And that if it had, or if it'd written to him with the balance at any time after May 2020, he would've immediately removed his funds.

Should Prudential have provided online support for the Cash Fund?

I agree that if Prudential had provided online support for this fund, Mr B might've found out sooner that he was paying 1%. However, Prudential's terms don't require it to provide an online service. And it did make clear that it didn't support the fund online. Mr B could've requested a value at any time. I've not been provided with any evidence that he asked for information but wasn't given it.

I understand why Mr B feels the way he does, but I can't fairly say that the lack of online support for the Cash Fund caused a financial loss here. I say this because Mr B could've researched the fund charges himself before the switch, or at any time after the switch and before the transfer.

I finally considered Mr B's point that Prudential must have an obligation to keep him informed about his cash balance under its consumer duty obligations.

The Consumer Duty applies to open products and services from 31 July 2023, and to closed products and services from 31 July 2024. It doesn't apply to complaints about events that happened before that. Therefore I'm unable to consider this point under consumer duty.

I'm sorry that Mr B didn't know about the AMC before he switched into the Cash Fund. But I'm satisfied that Prudential provided the necessary information before the switch. Therefore I can't fairly uphold the complaint.

My final decision

For the reasons explained above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 March 2024.

Jo Occleshaw
Ombudsman