

The complaint

Mr S has complained about the actions of The Prudential Assurance Company Limited (Prudential) when he withdrew funds from his plan and he is unhappy with the issues that arose subsequently concerning the service provided to resolve things.

What happened

The history leading up to this complaint is well known to the parties and has been clearly set out in the investigator's assessment, which for completeness, I have largely replicated below with small additions and amendments.

On 30 March 2022, Prudential processed a request from Mr S to withdraw 25% tax-free cash from one of his Prudential personal pension plans (PPP) and move the remainder into a new flexi-access drawdown plan. A sum of £125,000 was paid to Mr S, tax-free, on or around 4 April 2022.

Mr S and his adviser subsequently queried a large drop in the pensions' value, and it came to light that a terminal bonus was applied to the plan on 1 April 2022, but Mr S had missed out on this since his funds were moved out of his existing pension on 30 March 2022.

Unhappy with this, Mr S and his adviser raised this matter with Prudential. Following considerable correspondence between the parties, a complaint was raised. Prudential issued a final response letter to Mr S's adviser on 10 June 2022.

In this response, Prudential explained that the plan value displayed on 1 April 2022 online was inaccurate as it hadn't been updated since the tax-free cash payment was made on 30 March 2022. Also, the value included the new bonus, but for the full unit balance pre-withdrawal instead of the bonus on the amount not withdrawn as it should've done. Because of this, once the online value had been updated, this appeared to Mr S and his adviser as a large drop in plan value, when in reality this hadn't happened.

Prudential then went on to assure Mr S and his adviser that the terminal bonus had been applied correctly to the remaining units. And their system showed an increase to the transfer value from 31 March 2022 to 1 April 2022 as £311,522.65 to £332,496.66.

Whilst Prudential didn't uphold this part of the complaint, they did accept that they hadn't updated the online valuation on 'My PRU' quickly enough, so they apologised for the confusion and offered £100 compensation. A further £75 was later offered.

Mr S remained unhappy with the situation, he felt it was unfair that he'd been invested in the fund for so long only to miss out on the full bonus because he'd withdrawn a couple of days before the bonus was due to be applied. Mr S felt that he was due the full bonus amount as if the withdrawal and flexi-access drawdown set up had occurred on 1 April 2022, after the bonus was applied.

Following additional back and forth, Prudential explained that they didn't believe they'd made an error as they followed Mr S's instructions at the earliest opportunity once received. But

they agreed the timing was unfortunate, so Prudential offered to put Mr S into the position he would've been in had he received the terminal bonus on the full unit balance pre-withdrawal.

Initially Prudential said that they would need Mr S to return the tax-free cash in order to do this. But Mr S was using these funds to purchase a property and was also hesitant to return the funds since he anticipated Prudential wouldn't be able to do a quick turnaround and return the tax-free cash as he felt their responses up to that point had been quite slow.

As an agreement couldn't be reached, Mr S referred the matter to our Service on 30 November 2022.

Following the intervention of one of our investigators, Prudential issued a second final response letter on 6 March 2023.

In this Prudential explained that given the nature of the complaint, they'd been waiting for manual calculations as well as a concession, to confirm they could re-process the switch without the tax-free cash being returned.

Prudential reconfirmed they hadn't made an error with the switch, as it was processed promptly following receipt of the instruction. However, they understood Mr S's frustration, given he'd missed the full bonus by just one day. They also appreciated his reasoning for being unable to return the tax-free cash. So, they raised this with their back-office team to see if they could re-process the switch as of 1 April 2022, to ensure policy had the full bonus applied without the need for Mr S to return any of the funds he's already received.

Prudential verified in this response that they had now re-processed the switch and sent correspondence separately to Mr S to confirm this. They felt this meant Mr S had been put into the position he would've been in if the switch had been processed on 1 April 2022. So, Mr S was not financially disadvantaged. But they apologised for the delay in investigating this matter and on top of £175 previously offered, they offered a further £300 for the distress and inconvenience caused.

Mr S responded to say that the online valuation now seemed to show the correct balances. However, he had a few questions about Prudential's actions. Firstly, he was concerned about what would happen on 1 April 2023 when the next bonus payments seemed due to be applied. Since the investment balances were now adjusted but hadn't been in place over the last 12 months, he wanted assurance that Prudential would use the correct balance when calculating the new bonus.

Secondly, Mr S was disappointed with Prudential's £300 offer, as he didn't feel it recognised the time he and his adviser had invested in getting this issue sorted or the stress and worry this had caused him. He felt their offer seemed especially low in light of the annual management charges he paid to Prudential to run his pension, which he estimated to be around £35,000 to £40,000 per year. He therefore asked if Prudential would reconsider their offer.

Prudential was unwilling to increase their existing offer of £300 (£475 total) and after much back and forth about the next bonus and the manual calculations, Prudential replied on 30 May 2023 with a series of calculation figures with terminal bonus, unit totals and overall plan values along with an accompanying system screenshot, to show the terminal bonus for that year had been correctly calculated.

We received an update from Mr S on 20 July 2023 to say this adviser had contacted Prudential for a clearer explanation on the figures but hadn't had a response yet. Our investigator followed up on this with Prudential and on 27 September 2023 Prudential replied

that they'd written to Mr S's adviser on 25 September 2023 with more information and attached a copy of this for our Service's reference. Amongst other things, Prudential confirmed that the bonus had been applied to the pension correctly and set out the adjusted value calculation.

Prudential also confirmed that "The interim and reversionary bonus calculations remain the same and are applicable on all plans."

They further stated that the new plan was set up with a start date of 1 April 2022 and said:

the funds were initially invested in the holding account and were moved to the requested funds on the next quarterly switch date of 25 May 2022. Please be assured that the plan holder hasn't been financially disadvantaged, as we used the correct fund prices when the funds were moved.

Mr S's adviser told us that that given the complexity of the calculations that Prudential had done, using internal performance information which they'd not seen, it would be difficult for them to provide further commentary on what Prudential said. The adviser also explained the previous query to Prudential and following this latest letter from Prudential from their customer service director, they would have to take Prudential 'at their word' that the calculation was correct. The adviser said they'd be writing to Mr S to invite him to a review meeting.

Following the extensive back and forth between the parties, our investigator issued his view explaining that he wouldn't be asking Prudential to take any further action here. He didn't feel that Prudential made an error in actioning the switch instruction when they did and felt that Prudential's business decision to ensure Mr S didn't miss out on the bonus regardless, was fair and more than this Service would recommend in the circumstances since a mistake hadn't been identified. He did note that other errors had been made, including the incorrect online valuation, the slow implementation of the corrective action on the bonus itself and the significant time it took Prudential to respond with answers to the queries raised regarding the work they'd done to correct Mr S's pension. And although he recognised that it took a significant amount of time to resolve things, the investigator felt the £475 compensation already offered by Prudential was appropriate for the distress and inconvenience this all caused to him.

Mr S didn't agree and provided further explanation of why he felt the offer of compensation was derisory. He also didn't agree that Prudential hadn't made a mistake in actioning his instruction because they didn't provide him relevant and timely information and otherwise failed to adhere to their charter.

As agreement couldn't be reached, the complaint has now been referred to me to make a final decision.

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.

When considering what is fair and reasonable, I have taken into account relevant law and regulations; regulator's rules, guidance and codes of practice; and what I consider to have been good industry practice at the time.

I think it is also useful to reflect on the role of this service here. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the industry regulator, the

Financial Conduct Authority (FCA). It is my role to fairly and reasonably decide if the business has done anything wrong in respect of the individual circumstances of the complaint made and – if I find that the business has done something wrong – award compensation for any material loss or distress and inconvenience suffered by the complainant as a result of this.

In order to uphold a complaint I would need to find the business responsible for something having gone wrong and that the complainant has lost out as a result. I would then ask the business to put things right by placing the complainant, as far as is possible, in the position they would have been if the problem hadn't occurred.

Where the evidence is incomplete, inconclusive, or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

The parties to this complaint have provided detailed submissions to support their position and I am grateful to them for doing so. I have considered these submissions in their entirety. However, I trust that they will not take the fact that my decision focuses on what I consider to be the central issues as a discourtesy. The purpose of this decision is not to address every point raised in detail, but to set out my findings and reasons for reaching them.

I consider that the main issue for me to decide is whether Prudential should have done more before it actioned Mr S's withdrawal/switch instruction to ensure he didn't miss out on the full 2022 bonus, and if so, has Prudential done enough to put things right.

Having reviewed everything that's been provided and after carefully considering the arguments presented by both parties, I agree with the investigator that Prudential wasn't required to do more than process Mr S's instruction, which they promptly did. I understand that Mr S considers that Prudential should have told him about the bonus that was to be added when he gave his instruction. But as a provider, Prudential's role is limited. They are responsible for administering his plan in accordance with the instructions provided to them. And while I don't dispute that Prudential is required to provide timely and relevant information, in this case the bonus had not yet been applied and I've seen no evidence to suggest that this information was available on 30 March 2022.

Therefore, I am unable to conclude in the circumstances of this case that Prudential did something wrong when it processed the instruction. This means I don't consider that a mistake of Prudential's caused Mr S a financial loss. However, like the investigator, I am pleased that given the unfortunate timing of things, Prudential made the business decision to put Mr S in the position he would have been in had the instruction been made on 1 April 2022 instead of 30 March 2022 and awarded him the full 2022 bonus.

I understand that Mr S would like this service to confirm that the amount he'd been paid was correct. Our Service is dedicated to helping settle disputes between consumers and businesses. Where we identify errors, we make recommendations on how we think things can be improved. Although we can identify errors and make suggestions where something doesn't look right, we're not actuaries and we're unable to provide deep analysis of financial calculations. So we'd only ask a business to take additional steps if we identified an obvious error.

From what I've seen, Prudential has provided Mr S and his adviser with as much information as it could reasonably to explain the actions taken to ensure Mr S received the full amount of the bonus and that he was not otherwise financially disadvantaged. Therefore, I can't reasonably ask Prudential to provide any further information.

Compensation for non-financial loss

Mr S thinks that Prudential made a mistake when it didn't notify him of the bonus before he withdrew his pension funds. And he is unhappy with the time it took and the effort he and his adviser had to put in to get things corrected especially given that he pays Prudential a substantial sum to administer his pension. He considers they should pay him a higher level of compensation.

I appreciate that this situation has been concerning for Mr S. But, although the timing was unfortunate, as I've explained above, I can't see that Prudential acted unreasonably when they actioned Mr S's instruction when they did. Nevertheless, Prudential has reversed things and put Mr S into the position he would have been in had the withdrawal been delayed until after the bonus was awarded. As the investigator explained, this isn't something this Service would likely otherwise direct a business to do in the circumstances present here.

Additionally, even in cases where we've said the business's mistake caused a loss, often a consumer is required to return the sums received in order for the business to put things right. This was offered by Prudential, but I understand it wasn't something Mr S was prepared to do. So Prudential looked into whether it could make a concession. Admittedly this took more time than it probably should, but under the unusual circumstances present here, I don't think that this is wholly unreasonable.

I appreciate that the situation was distressing for Mr S, and he expected better service given the fees paid. I can't comment on the fees Mr S pays for his Prudential plans, as that is outside of the scope of this complaint. But in light of the of the actual mistakes identified here and the actions Prudential have already taken, I'm of the view that the £475 compensation Prudential has offered for distress and inconvenience is reasonable.

I'm sorry that Mr S is unhappy with Prudential's offer. But I consider that Prudential took reasonable steps to put things right regarding the online valuation in its initial final response letter in June 2022 and in its further final response of 6 March 2023 letter following this service's intervention. No financial harm was identified as being caused by this error. Therefore, although I am upholding the complaint, I won't be asking Prudential to take any further steps than it has already offered to put things right.

My final decision

I uphold this complaint and direct The Prudential Assurance Company Limited to pay Mr S the £475 compensation offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 April 2024.

Jennifer Wood
Ombudsman