

The complaint

Mrs J complains that The Prudential Assurance Company Limited could not find her pension funds and reactivate her plans, causing her a financial loss.

What happened

Mrs J had two Personal Pension Plans (PPPs) with Prudential. Both of these PPPs were invested in With-Profits funds. In November 2022, Mrs J wanted to transfer the PPPs to another pension provider, that I'll refer to as X. Prudential told Mrs J it had transferred the funds held within Mrs J's pensions (with an effective date of 15 November 2022) to X on 23 November 2022.

Having reviewed Mrs J's transferred funds, X identified some of Mrs J's funds were invested in With-Profits funds. Because of this, X said it would need a financial adviser's approval before it could accept her transferred policies. X said it had told Prudential not to transfer any funds if her PPP has any investments in a With Profits fund.

X says it sent the funds back to Prudential on 5 December 2022. But Prudential said it could not locate the funds. So, Mrs J complained to Prudential on 7 December 2022. Mrs J spoke to Prudential on 14 and 30 December 2022, 23 and 27 January 2023 and 4 February 2023 but Prudential was still unable to locate her pension funds. So, Mrs J referred her complaint to our Service on 7 February 2023.

By 17 March 2023, Prudential issued its final response to Mrs J's complaint. It said Mrs J's funds were sent to X on 28 November 2022 and would contact X to confirm it had received the transfer. Prudential said it would send Mrs J a cheque for £200 to compensate her for the delay in responding to her complaint. Mrs J replied to Prudential to say it had misunderstood her complaint – her funds had been returned to Prudential by X and were currently missing.

On 13 March 2023, X emailed Prudential as it had recently received a payment of £18,579 in relation to Mrs J's transfer. X said it had previously returned the payment in December 2022 and it was unable to accept the payment as it related to a With Profits plan. It asked Prudential to confirm why it had reissued the payment after X had said it could not accept it. If Prudential did not respond by 27 March 2023, X would return the payment again. X said it did not hear back from Prudential, despite trying to call and email, so it returned the payment on 27 March 2023.

On 30 March 2023, Prudential said it had found the funds from one of Mrs J's PPPs and asked her whether it should be transferred back to X or applied to her plans. In response, Mrs J asked Prudential to confirm how much it had received and said it was strange funds from only one PPP had been located. Mrs J added it beggars belief Prudential asked her if she wanted the funds returned to X given what had happened.

On 26 April 2023, Prudential wrote to Mrs H to said it had received funds from X for both plans totalling £26,588.99 – it asked Mrs J to *"confirm if we should apply for both the plans and make it live."* Mrs J forwarded a copy of an email she sent to Prudential on 3 May 2023,

which confirmed her funds should be applied to her plans. But on 13 June 2023, Prudential wrote to Mrs J again to ask her to “*confirm if we should apply for both the plans and make it live.*” Mrs J responded on 18 June 2023 to express her dissatisfaction and forwarded a copy of her emails of 11 April and 3 May 2023.

On 25 July 2023, Prudential issued a further final response to Mrs J. This said it fully accepted “*Prudential should not have placed you in a position where your funds were being transferred to an alternative scheme that was never eligible in the first instance*”. Prudential went on to say there was no specific reason it could not find her funds once they were transferred back, other than its service delays due to a high volume of work. Prudential said the funds had been applied to Mrs J’s original policy numbers and her investments have been restored to the original position that they would have been in, as if the transfer had never taken place. Prudential said there was no detriment to Mrs J. Prudential apologised for its mistake and the many calls and letters Mrs J had to send to try sort it out. Prudential said it would send Mrs J a cheque for an additional £250, in addition to the £200 it had already sent, to compensate her for the distress and inconvenience it had caused.

Mrs J told our Service she was concerned she had lost out on investment growth whilst her funds were missing. And by 7 August 2023, Mrs J said she could only see one of her PPPs online (the plan ending 666). This PPP was worth £18,579.93 when it was returned to Prudential on 5 December 2023 but was now valued at £18,495.79. Mrs J could still not see her PPP ending 080 online by 13 October 2023. It was only after checking her PPPs online on 8 November 2023 that Mrs J could see both her PPPs.

One of our Investigators reviewed Mrs J’s complaint. Our Investigator said it was not in dispute that Prudential had made an error, so she focused on what it should do to put things right.

Our Investigator first considered whether Mrs J had been caused a financial loss. Mrs J said that if Prudential had located her funds in December 2022, she would have been able to take independent financial advice and transferred them into her pension with X, where her funds would have grown. Our Investigator spoke to Mrs J, who said she was not currently in a position to obtain the financial advice X required before she could transfer her With-Profits fund from Prudential. So, our Investigator thought it was unlikely Mrs J would have transferred her PPPs to X. Our Investigator thought Prudential should provide evidence it had reinstated both her PPPs to the position they would have been in had the transfer not occurred and explain why the value of Mrs J’s PPPs had dropped.

Turning to the distress and inconvenience this matter has caused Mrs J, our Investigator did not think £450 Prudential had already sent Mrs J fairly reflected the emotional and practical impact this matter had on Mrs J. Our Investigator recommended Prudential pay Mrs J an additional £400, bringing the total compensation payable to £850.

Prudential provided the values of both Mrs J’s PPPs on 15 December 2022 and 15 April 2023 and said the drop in value was due to the reduction in value of the terminal bonus to be applied to her PPPs upon the policy holder’s death, or the maturity or transfer of the policies. Prudential accepted our Investigator’s recommendation to pay an additional £400 compensation.

Mrs J said she did not believe the additional £400 compensation with no further action taken against Prudential would make it review or improve its procedures and communications with customers. Mrs J remained unhappy Prudential could not offer an explanation as to why things went so wrong and why it took so long to find her funds. Mrs J said she wanted to see the Ombudsman penalise Prudential in such a way as to make them improve. So, this has come to me for a 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.

I will first confirm what my role as an Ombudsman means here. My role is to decide whether something has gone wrong and, if it has, to decide whether Prudential should take steps to put things right. I do not have the power to penalise Prudential or tell it to change its processes. So, I simply cannot do as Mrs J asks and make Prudential improve to avoid the same thing happening again to another customer. Only the regulator, the Financial Conduct Authority, can order Prudential to change its business practices.

Prudential has admitted it should not have transferred Mrs J's funds to X in the first place and took too long to locate the funds once they were transferred back. It has not been able to offer a clear explanation as to why things went so wrong. But as Prudential has agreed with Mrs J that it was at fault and should not have transferred her funds to X, I do not need to go into the reasons why Prudential was at fault. So, the issue for me to decide is what Prudential should do to put Mrs J back in the position she would have been in had the transfer not gone ahead.

I agree with our Investigator that there is not enough evidence to show Mrs J would have transferred her funds to X. As she has not received financial advice recommending the transfer, as X requires, I think it is more likely her funds would have remained invested in her Prudential PPPs. Prudential has provided assurances and fund values to support its position that Mrs J's funds were applied to her PPPs as if the transfer had not happened. I have not been provided with any evidence to suggest this has not happened. So, I do not need think Prudential needs to do more here.

Turning to the distress and inconvenience this matter has caused Mrs J, it is impossible to put her back in the position she would have been had the error not occurred. And as I have explained above, my role is not to punish Prudential for its failings. Instead, I need to decide on compensation that I think fairly recognises the impact this matter has had on Mrs J. Mrs J can read more about how we award compensation for distress and inconvenience, along with some examples of awards we might make, here:

<https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

In this case, I think it is clear the impact of Prudential's repeated errors has caused substantial distress and inconvenience. Mrs J's funds within her PPPs are clearly important to her and thinking Prudential had lost her savings for retirement has clearly caused enormous worry. It has taken Mrs J many calls, emails and letters over eleven months to get things sorted. Mrs J has been caused frustration by Prudential not responding to her contact and not progressing things quickly. Overall, I agree with our Investigator that an additional £400 compensation, bringing the total compensation to £850, fairly recognises the substantial distress and inconvenience Mrs J has suffered.

My final decision

For the reasons explained above, I uphold this complaint.

The Prudential Assurance Company Limited should pay Mrs J an additional £400 compensation, if it has not already done so. The Prudential Assurance Company Limited should ensure Mrs J receives a total of £850 compensation in respect of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 21 February 2024.

Victoria Blackwood
Ombudsman