

The complaint

Mr R holds a personal pension with The Prudential Assurance Company Limited and complains that The Prudential Assurance Company Limited was unhelpful when he tried to transfer three other pensions to his personal pension, causing him delay and inconvenience.

What happened

- Mr R had three small pot pensions with a combined value less than £10,000, and wanted to transfer those to his pension with Prudential.
- Prudential told Mr R that he could not transfer the pensions without taking financial advice.
- Mr R complained that he should have been allowed to transfer without the need for financial advice.
- Prudential rejected Mr R's complaint in August 2023, explaining that it is its policy to require the involvement of a financial adviser for the transaction that Mr R wanted.
- Mr R disagreed and referred his complaint to our service. After referral to our service Prudential went on to consider Mr R's complaint further and in October 2023 issued a further response in which it explained that it had failed to provide the level of service that Mr R should have been able to expect and sent a payment of £250 to compensate him for the distress and inconvenience it caused.
- Mr R remained unhappy and challenged Prudential's findings again. Prudential responded a further time in November 2023 to provide additional explanation about why it required Mr R to have had financial advice to accept his transfer request. It explained that it won't contact Mr R's ceding pension schemes to ask questions about those policies and expects his financial adviser to do that. It didn't agree that the transfer forms made the process difficult and expected them to be completed by a financial adviser. But it apologised for any instances where Mr R hadn't received a call back when requested. And for the fact that its call handler was unable to answer Mr R's questions about the acronyms used in the form he'd been sent. Prudential sent Mr R a further payment of £125 for the distress and inconvenience it had caused him.
- Our investigator looked into what happened and upheld Mr R's complaint. She thought that the correspondence from Prudential had been confusing. She thought that it had, at times, given him the impression that it would allow his pension transfers which had caused Mr R to expend time and energy in trying to arrange that. She thought that Prudential should pay Mr R £450 for the distress and inconvenience that his cumulative experiences caused. Which was an increase of £75 on top of what Prudential had already paid.
- Prudential disagreed. It said that its message to Mr R had been clear and that the compensation it had already paid was fair in light of the service failings it had identified.

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 agree with the conclusion reached by the investigator for these reasons:

- I think that Prudential's letter of 1 June 2023 could have been clearer. It confirms his scheme is suitable for a transfer. Then says that it recommends seeking financial advice. Then says that Prudential will only accept a transfer if financial advice has been obtained. Then in the following paragraph the letter says, *"choosing to transfer your pension is a big decision that could potentially leave you worse off. That's why we strongly encourage customers who are considering this option to obtain financial advice and seek guidance from Pensionwise"*. So I don't think Mr R ought to have inferred from this letter that Prudential would only transfer following financial advice. Nor could he have known in what circumstances advice may or may not be a pre-requisite.
- Prudential knew that Mr R had his appointment with Pensionwise in early July 2023. They documented it from a phone call. And Mr R referred to what he'd learned from that meeting repeatedly in correspondence. He understood that his pensions were below £30,000 so knew that financial advice wasn't legally required in order to transfer even if they had protected benefits. And pointed this out to Prudential. But I haven't seen that Prudential clearly explained to Mr R until its letter of 19 January 2024 that its requirement to insist on financial advice for transfers was a business decision not the legal requirement that Mr R supposed. I think this element of confusion was obvious throughout and Prudential should have made this clear from the outset.
- I also think that Prudential's letter to Mr R of 28 July 2023 caused unnecessary confusion. It said, *"Prudential will only accept the transfer in of benefits from another product or provider where financial advice has been given and the application is made through the adviser"*. But then went on to say, *"we would always recommend financial advice is taken, however where the pension is coming from a Personal Pension, Retirement Pension or Stakeholder pension then this pension can accept a transfer with or without financial advice"*. So I don't think this letter unequivocally told Mr R that he must get financial advice to transfer either.
- The messages and calls that Mr R made to Prudential between June and November 2023 clearly show that Mr R was struggling with the process and terminology that Prudential were using. For instance, Mr R didn't know what the acronyms on the transfer form stood for. Prudential were responsible for making this process accessible and clear for Mr R. I appreciate that it says that it anticipates that the form will be completed by a financial adviser. But there appear to be circumstances where Prudential will allow transfers without advice. So its form needs to be clear for consumers. It says that consumers can call up to get assistance. But Mr R did this and that didn't help either. This wasn't acceptable and caused Mr R further distress that Prudential haven't fully acknowledged in its compensation to date.
- Prudential's first complaint response of 8 August 2023 told Mr R, *"for the type of transaction you wish to complete, it is our policy to require the involvement and guidance of a Financial Advisor"*. This goes beyond complaint handling as this is still providing answers relating to the heart of Mr R's service complaint. This letter provided no clarification why advice was mandatory in this instance. It would have been far more helpful, at this early stage for Prudential to have clearly set out the circumstances in which advice would be needed, and when it would not. I think this was unhelpful and contradicted other information he'd received and would go on to receive.

- Mr R has always suggested that Prudential have acted outside of legal requirements in insisting on advice in his case. But I don't agree that is fair. He is correct when he says that pension legislation doesn't require him to obtain financial advice for the three pensions that he wanted to transfer. But that doesn't mean that Prudential are legally compelled to accept transfers. And introducing its own measure, which could be seen as safeguarding customers interests, is okay. Although ought to be clearly explained. Which means that, if the pension schemes he wants to transfer have safeguarded benefits, Prudential will not accept the transfers and my decision will not direct them to do so.

For these reasons I uphold this complaint.

Putting things right

I recognise that Prudential has recognised service failing at different stages and made awards that now total £375. Individually, I would agree that each award may be fair and reasonable. But here there has been a cumulative impact on Mr R as the issues have continued. In particular, having upheld Mr R's complaint on 12 October 2023 and made a reasonable offer of £250 to put that right, Prudential still wasn't able to deliver a smooth service in what followed.

It was after that attempted resolution that Mr R contacted Prudential frustrated at the terminology used on the form. And I think his complaint was justified as I've said above. He'd messaged Prudential about this on 12 October 2023. And, getting no response, phoned Prudential on 2 November 2023 and the call taker was unable to answer his questions. It wasn't until 8 November 2023 that Prudential responded on the secure messenger with an explanation. In the context of all that had gone before, I think additional compensation of £200 is fair and reasonable for the distress and inconvenience. Bringing the total compensation due to £450, as suggested by our investigator.

My final decision

For the above reasons I uphold Mr R's complaint and direct The Prudential Assurance Company Limited to pay Mr R £450 compensation in total (so a further £75 on top of what has already been paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 March 2024.

Gary Lane
Ombudsman