

The complaint

Mr S complained that The Prudential Assurance Company Limited (Prudential) has caused a significant delay in him receiving his pension benefits.

He would like to be compensated for the financial loss he has incurred over a longer period than Prudential have used.

What happened

This is a complaint that covers a large number of events which occurred over a long period of time. I have considered all the evidence provided but have commented only on the key points in this decision, outlined below for reasons of brevity and clarity.

Mr S is a UK citizen, but resident in another country. He held a pension with Prudential with an element of Guaranteed Minimum Income (GMP) benefits.

On 16 April 2020, Mr S contacted Prudential to ask for a statement of his pension benefits and if he can use a secure online portal to access information about his benefits. Prudential replied to confirm that it would send out statements in the next two weeks but there was no online access owing to the age of his policy.

Mr S wrote again on 23 April 2020 to ask for an electronic copy of a statement and to clarify that he wanted it for estate planning. He also pointed out that a letter from the UK would take around two weeks to reach him.

Following receipt of a current valuation, Mr S emailed Prudential again on 25 April 2020 to ask if he could encash his benefits and send them to an overseas pension. If this were possible, he wanted to know what the process would be for doing so. Prudential replied two days later to ask for clarification of his request and to let him know that he could defer taking his benefits until he is 75.

Mr P did not respond to this email until 23 January 2021. Prudential attempted to contact him by telephone on 15 March 2021 but was unable to get through to him. It emailed him the same day to ask him to update his contact details. Mr S replied with the details on the same day. Prudential attempted to call him again on 11 May 2021 but was unable to make contact as Mr S's telephone did not accept calls from unidentified numbers. It emailed him asking for a convenient time and date to contact him. Mr S emailed Prudential to suggest a time and date for him to call it.

This call took place on 24 May 2021. Prudential's notes record that it discussed sending his annual statement by email or air mail post and received a request from Mr S to send him overseas transfer forms. He was informed that it may not be possible to undertake a transfer owing to the strict rules about transferring GMP benefits.

On 10 September 2021, Prudential sent an annual statement and a letter to Mr S using email. He replied the same day to say that this was not the information he had asked for and

that it did not answer the questions that he had. On 22 September 2021 Mr S contacted Prudential again to ask for a transfer pack detailing his options for taking his benefits.

Mr S contacted Prudential again on 2 October 2021 to once again request information that he was seeking. Prudential issued the options pack to him on 8 November 2011. This contained a pension summary, key risks leaflet and a Money Advice Service guide. The letter also confirmed:

Guaranteed minimum pension (GMP)

Under the Department for Work and Pensions (DWP) legislation we are required to provide the following GMP benefits:

- A re valued pension for you of c£5,061.76 each year, of which £1,333.08 will increase at 3% each year.*
- A re valued spouse's or civil partner's pension of £2,530.88 each year, of which £666.54 will increase at 3% each year, payable if you die after retirement.*
- Your GMP is payable for life, will usually be paid monthly in advance and is guaranteed for five years.*

The pension summary letter also confirmed the fund value at the time was c£79,000.

On 26 February 2022, Prudential contacted Mr S's financial advisers with his policy information. Prudential's letter confirmed the fund value was c£81,000 at that time. The letter also confirmed:

A transfer's not permitted

... The cash equivalent of the GMP on 25 February 2022 is £99,658.46, please note that this figure is subject to change.

To enable a transfer to take place, the Contracting-out (Transfer and Transfer Payment) Regulations 1996 require the transfer value to be at least equal to the cash equivalent of the GMP. As this condition can't be met, we unfortunately are unable to proceed with the proposed transfer.

Prudential sent Mr S another annual benefit statement on 7 April 2022. This confirmed the transfer value on 5 April 2022 was now c£82,000.

On 2 May 2022, Mr S once again contacted Prudential by email. He made clear his dissatisfaction with the process and the difficulty in getting access to his pension benefits.

On 5 January 2023 Prudential sent Mr S a retirement options letter. This valued Mr S's benefits at c£91,000. A further annual benefit statement was subsequently sent which confirmed the transfer value had risen to c£92,000 by 5 April 2023.

On 30 May 2023, Mr S once more contacted Prudential to express his frustration and request that he speak to someone to help progress his transfer. He had decided to transfer his GMP benefits to a new provider.

On 22 June 2023, Prudential emailed Mr S with information about how to access his GMP benefits and a Return of Funds (ROF) form. It confirmed that it had also sent a hard copy.

Mr S completed and returned the forms via email on 28 June 2023. He also provided a copy of his photographic identification and asked how long the payment would take to process.

Prudential replied and confirmed the forms had been received, and someone would be in touch within the following 10 – 15 working days.

On 16 July 2023, Mr S received the hard copy of the Return of Funds form. He contacted Prudential and asked if he needed to complete this form as well. He also asked if someone from the processing team could contact him as he hadn't heard from anyone.

Prudential replied to confirm:

Although we have received your forms via email I can confirm that we do require the originals by post...

Can you also confirm if you have spoken to [New Provider] to arrange your guaranteed minimum pension?

Mr S replied two days later to once more express his frustration. He asked Prudential why it had not made it clear that it needed completed hard copies earlier.

Prudential told Mr S that he needed to accept an annuity quote from the new provider and set up a new policy to receive the funds. The new provider would then send Prudential an instruction to make payment. Once it had received both Mr S's completed forms and the instruction, Prudential would process the transfer.

On 23 July 2023 Mr S contacted Prudential again to state that he had first asked to encash his benefits in October 2021, almost two years earlier. During this period, he felt that the value of his benefits had fallen considerably.

Prudential replied to Mr S on 25 July 2023 to confirm it had registered his complaint

Prudential responded to Mr S's complaint 1 August 2023. It concluded that it had failed to:

deliver the level of service you should be able to expect from us. We have been facing some issues which have impacted our ability to deal with enquiries in the manner and speed we normally aim for and I apologise for the trouble and upset this will have caused.

It went on to say:

Our poor service has meant that we have caused a delay. To ensure you have not been financially disadvantaged by this, we will review your case in 30 days and, if you have decided to proceed with your request, we will calculate any financial loss caused by our delay.

Prudential also sent Mr S £150 in recognition of the distress and inconvenience it had caused him.

On 28 August 2023 Mr S emailed Prudential to ask for an update. The following day, Prudential contacted the new provider and asked if it had issued annuity quotes to Mr S for his GMP benefits. It confirmed it had produced and sent the quotes, which Mr S had returned on 4 August 2023.

Prudential issued a further response to Mr S's complaint on 15 January 2024 in which it accepted the majority of Mr S's complaint points.

It acknowledged that Mr S had received poor service since his first contact in March 2020. In particular, it had caused delays and that should have been in a position to make payment to

the new provider by 18 August 2023. It undertook a loss assessment which showed Mr S had incurred a loss of £61.60 on the lump sum payment he received and a further £207 on the transfer of his GMP benefits to the new provider.

Prudential also offered him a further £400 in respect of the distress and inconvenience it had caused him.

Unhappy with this response, particularly that Prudential did not comment on the significant fall in fund value between October 2021 and September 2023 when the transfer completed, Mr S brought his complaint to this service.

Our investigator reviewed the information provided by both parties and formed the view that the compensation Prudential had offered was appropriate in the circumstances of this complaint. Mr S disagreed, so the case has been passed 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.

Having done so, I agree with our investigator and do not uphold this complaint.

Having said that, I can appreciate that this will be disappointing to Mr S, so I will explain how I have reached my decision.

Firstly, I think it's important to reflect upon the role of this service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, it is our aim to ensure that the customer is compensated so that they are put back in the position they would have been had the errors not occurred.

In the circumstances of this complaint, it is not in doubt that Prudential made errors and contributed to the delay and frustration that Mr S experienced when trying to access his pension benefits. Prudential itself has acknowledged these errors and sought to compensate Mr S for their effect. Consequently, the decision I have to make is whether the compensation Prudential has offered Mr S is fair and reasonable. To do this I must consider the extent to which Mr S has suffered a loss as a result and how he should be compensated.

I must also bear in mind that a transfer of pension benefits must follow a process laid down by the Financial Conduct Authority (FCA), which regulates financial services activity in the UK. The circumstances of Mr S's transfer were also complicated by the fact that he resided outside the UK and that he had GMP benefits on his policy. As GMP benefits are considered valuable by the FCA, there are a number of further considerations that Mr S and Prudential had to complete before the transfer could be completed. Chief among those is that a transfer of benefits is not possible where the cost of providing the GMP benefits is higher than the fund value, which is why Prudential told Mr S that a transfer may not be possible. It didn't, however, communicate this to him clearly, resulting in more distress and confusion to him.

Having said that, it is also clear that around three years passed between Mr S first contacting Prudential and him being able to access his benefits, which is obviously longer than it should have been. I will look at the causes of this delay to decide to what extent Prudential was responsible for the delay and what effects this had on Mr S and his benefits.

From the evidence, I can see that Mr S asked a number of specific questions that Prudential did not respond to in a timely manner or in a way he could understand. However, I can also

see that the contact Mr S had with Prudential was sporadic in parts. For example, after Prudential sent him his pension options pack on 8 November 2021, it heard no more until his financial adviser asked for more information in February 2022.

I've considered this point very carefully. On the one hand, although Mr S made his desire to transfer his benefits from an early point in this process, Prudential contends that it can't be held accountable for any delays to the process prior to Mr S completing the ROF form in June 2023. Prudential is correct in saying that it has to follow the formal process when allowing a customer to access their benefits, particularly in cases of GMP benefits.

As noted earlier, Prudential sent the options pack to Mr S in November 2021, but he did not return it to confirm which of the options he wanted to take. On balance, therefore, I agree with our investigator that the date at which the transfer began was in June 2023. Given this, although I can tell that Prudential's actions caused Mr S a great deal of distress and inconvenience, I don't think it is reasonable to consider it responsible for the delays that occurred prior to the receipt of the valid transfer request and any losses should be calculated from that point.

Prudential has carried out a financial loss calculation and reimbursed Mr S accordingly, so I think that it has acted reasonably in that respect.

In terms of the distress and inconvenience it has caused Mr S, I have considered both the circumstances of the complaint and the duration of Mr S's attempts to access his benefits. I think that the total compensation of £550 Prudential has paid is appropriate in the circumstances of this complaint.

My final decision

For the reasons explained above, I do not uphold Mr S's complaint.

The Prudential Assurance Company Limited does not need to do any more than it has already offered to Mr S to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 July 2024.

Bill Catchpole
Ombudsman