

The complaint

Mr M is unhappy that The Prudential Assurance Company Ltd delayed the transfer of his pension benefits to another pension provider.

What happened

In summary, Mr M wanted to transfer the value of his Prudential Pension to another provider, who I'll call 'QT' here, as he wanted to access his funds using a flexi-access drawdown facility which Prudential didn't provide. He began making enquiries with his advisors towards the end of 2022, culminating in a formal transfer request being made to Prudential at the beginning of April 2023.

Mr M, along with his financial advisor, raised concerns with Prudential on a number of occasions about delays in the transfer process, and lack of communications. As Prudential hadn't provided a satisfactory response to these by July 2023, Mr M brought his complaint to our Service. The transfer completed when Prudential transferred funds to QT on 12 September 2023, and QT invested those funds on 15 and 18 September 2023.

Prudential accepted they'd been responsible for the delays. So, they undertook calculations to see if their delay had caused Mr M a financial loss. They calculated the delay had in fact resulted in his new pension value being better off. There was no financial loss compensation owing, but Prudential did think Mr M had experienced distress and inconvenience (D&I) as a result of their mistakes, so they paid him £650 compensation to recognise this. Mr M was unhappy with this offer. He wanted Prudential to consider paying for consequential losses he'd suffered. He also felt he was entitled to more compensation for D&I he'd experienced.

One of our Investigators considered what Mr M had said but felt Prudential's offer was fair in the circumstances. He agreed they'd caused distress but said the D&I award was in line with the amount we'd ordinarily look to award in circumstances such as these. And he didn't feel Mr M had demonstrated he'd suffered any consequential losses either.

Replying, Mr M acknowledged that Prudential's final transfer amount was reasonable. But he remained resolute that the worry the delays had caused him was significant, and the £650 compensation paid didn't properly reflect that, and nor did it provide adequate recompense for the time he'd spent dealing with the matter.

Our Investigator considered what Mr M had said, but his view didn't change. And because Mr M still disagreed, the complaint has been passed to me, an Ombudsman, to consider the matter afresh and issue 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.

The facts and chronology of this complaint are known to both parties, and essentially aren't in dispute here. That being so, I won't detail every event or communication here, although I can confirm I've read and considered everything that's been provided by both parties.

We're an informal dispute resolution service, set up as a free alternative to the courts. So, in deciding this complaint I've focussed on what I consider to be the heart of the matter, rather than commenting on every issue in turn. This isn't intended as a discourtesy to Mr M, rather it reflects the informal nature of our service, its remit, and my role in it.

This complaint arose because of the delay in the transfer of Mr M's pension funds from Prudential to QT. Prudential have accepted responsibility for this, and Mr M advised us he believed that Prudential's actions to calculate if he'd experienced a loss were reasonable. Notwithstanding, I've considered these events as well, to satisfy myself that Prudential have undertaken a fair calculation, adopting the approach we would expect them to take.

Prudential received all of the necessary forms from Mr M (and his advisor) by 11 April 2023, and on that basis have said they should have transferred the funds to QT five working days later, on 18 April 2023. Having looked at the sequence of events here, I agree that is a fair conclusion to reach.

QT had reinvested the funds within four working days of (eventual) receipt, meaning that had Prudential transferred the funds on 18 April 2023, they'd most likely have been reinvested by QT on 24 April 2023. This is the timeframe Prudential have based their financial loss calculations on, which I think is correct in the circumstances.

Calculating if there has been a financial loss

Where it's been identified that a business has caused a delay in a transfer, we ask that business to undertake certain calculations to work out if that delay caused a financial loss to the consumer. In this case, Prudential have provided details of the calculations they made, which are in line with the process we'd have asked them to undertake.

Their calculations show had they transferred the value of Mr M's pension on 18 April 2023 (£412,343.55) to QT, and that sum had been invested in the same proportions as when it was transferred on 12 September 2023 (by that time, £419,100.51), it would have been worth approximately £280 less than it was on the date they undertook their calculation. So, the delay in transfer hadn't actually caused Mr M any financial loss – his pension plan in September 2023 was worth more than it would have been had the funds been transferred in April 2023. That being the case, I'm satisfied that Prudential have already done everything I'd have asked them to do to identify, and rectify, any financial loss caused by the transfer delay. And so, I won't be asking them to do anything further in this regard.

Consequential losses

Mr M has told us that, because the transfer of his funds was delayed, he wasn't able to continue with a number of projects that he'd hoped to undertake. He mentions that he'd postponed building works on his home, and the installation of solar panelling – both of which would likely now cost more than originally expected.

Our Service can consider the impact of an error or delay, including any consequential losses that might have followed. But to do this, I'd need to see clear evidence Mr M had committed to those projects, which were unable to be completed as a direct result of the delays that occurred. There'd need to be more than merely evidence of an intention to undertake the projects for me to be able to fairly ask Prudential to pay for the extra costs that may arise.

I can see here that Mr M and our Investigator have exchanged communications on this matter, and I've seen and considered the various documents Mr M has provided in relation to these proposed projects. It's clear that Mr M had started making enquiries regarding these. However, the documentation provided suggests only a quote was provided for the solar panels (on 18 May 2023), with a general letter from a builder confirming he'd already undertaken some works, with further works likely to cost "in the region of £35,000".

I do appreciate it when Mr M says he's now effectively being penalised because he didn't obtain precise building quotes (or, even, pay money to the contractors as a deposit) in advance of accessing the pension funds – wanting to adopt a pragmatic approach by only seeking these once he was in possession of the funds. But, here, the evidence doesn't go much beyond an *intention* to undertake the projects. And there's nothing that would suggest the projects *would* have been started imminently had the transfer taken place in April 2023 when it should have done.

So, whilst I'm not in any way questioning what Mr M has explained regarding his intentions, I can't say with any certainty that Mr M *would* have undertaken the proposed works immediately upon the funds being transferred to his flexi-drawdown scheme with QT. And it follows that I can't fairly conclude that Prudential should be held liable for any increase in costs that these projects may incur when, and if, they are completed. So, I won't be asking Prudential to do anything further in relation to these.

Mr M has also evidenced he sold approximately £4,000 worth of shares in August 2023 to help cover expenses at that time. He explains it was his intention to re-purchase those shares once the pension transfer had completed and he had access to those funds. I'm unaware if those shares have been repurchased, although I can see the shares would appear to have cost less to purchase (than they appear to have been sold for) in the month after the transfer did take place.

Notwithstanding, it was Mr M's choice to use this method to access extra funds – which of course he was entitled to do – rather than use other sources of short-term funds that may have been available to him. And, whilst the value of his shareholding was reduced in August 2023, this was notionally balanced by his pension value remaining £4,000 higher than it would have been had the transfer been made earlier. As such, I haven't seen evidence that the sale of Mr M's shares has resulted in any consequential loss either.

Distress and Inconvenience

Mr M remains particularly aggrieved at the level of D&I that he'd received. He's made various representations to us to highlight the significant extent of the distress caused, and the amount of time he'd spent trying to resolve the delay issue. He explains he's spent in the region of 150 hours dealing with the matter, and that he had to prioritise this time at the expense of other matters.

I have every sympathy with how the delays, and communication frustrations with Prudential, have distressed him. Mr M was 75 years old at the time and was genuinely concerned that the funds may never arrive, causing him genuine fear. I've no doubt how worrying that was for him. However, I must advise Mr M that the amounts this Service awards for D&I are fairly modest in monetary terms. And importantly, they are not designed to punish a business, but rather to try and put a monetary value on the distress a business' actions have caused. Guidelines setting out our approach to such awards can be found on our website.

I should also respond to a point Mr M has raised, advising that his financial advisors have submitted an invoice to Prudential for £2,170 +VAT in respect of their time costs incurred in

dealing with this matter. Mr M advises that he'd be willing to accept a sum close to this amount, as he has expended the same effort as they have.

Whilst I appreciate what Mr M is saying here, I can't comment on the costs his advisor has incurred, nor on whether they provide a meaningful comparison to the value to be attached to the distress and inconvenience he's experienced. Generally speaking, an advisor charges for their professional input and time (as Mr M accepts), whereas Mr M (and other consumers in similar situations) is dealing with Prudential as an individual. And we don't generally award D&I for a consumer's 'time', or award based on a set calculation (or their professional hourly rate) – as one person's free time isn't worth any more than any other person's time.

So, taking account of what I've said above, and considering the compensation levels outlined on our website, I agree the amount Prudential have already paid, £650, represents a fair amount and is in line with what I'd have been asking them to pay in this case. So, I won't be asking them to do anything further in this regard either.

I appreciate my conclusions here will come as a considerable disappointment to Mr M. But for the reasons outline above, I'm satisfied that Prudential have taken all necessary steps to put Mr M back in the position he would have been in had they transferred his pension funds to QT on time. And they've paid Mr M what I believe to be fair compensation, in line with our Service's guidelines, for the distress their actions have caused. So, I won't be asking them to do anything further here.

My final decision

For the reasons outlined above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 July 2024.

Mark Evans
Ombudsman