DRN-4705151

The complaint

Mr M has complained about the service and delays he received from Prudential International Assurance Plc (‘Prudential’) when setting up his pension investment.

Mr M has stated that the provision of incorrect information and delays led to monies not being invested in a timely manner which in turn has caused financial loss.

Mr M is being assisted in this complaint by his financial adviser.

What happened

The chain of events which occurred in this case are well known to all parties with broad agreement about what happened when trying to set up Mr M’s new pension / investment. As such, below is a summary of only the key dates. Whilst not all points of contact have been included, I want to reassure all parties that all the evidence and commentary provided has been fully considered in reaching this decision.

Prudential issued an illustration for a new investment to be held within Mr M’s pension on 2 December 2021, with Mr M submitting his completed application on 20 December 2021.

This was followed up on 25 January 2022 with a request from Prudential for further information on the beneficial owners of the pension, via a beneficial ownership form. Mr M’s adviser did not believe such information was required and having discussed this further with Prudential, it was agreed that this was not needed on 28 January 2022.

Given the delays suffered throughout the application process Mr M registered a complaint with Prudential.

On 17 March 2022 Prudential issued their response. They explained that the errors made were a mixture of system and human errors and offered Mr M £500 to cover the trouble and upset caused.

Regarding the delays in setting the pension up, Prudential accepted a delay of 16 days had occurred.

Following this, on 28 May 2022 Mr M’s adviser raised another issue around approximately £100,000 of transactions on the investments held within Mr M’s pension. To try and clarify these transactions, Prudential issued screenshots of their internal system and a contract history showing account transactions, however these did not provide the detail required by Mr M and his adviser. This issue was referred to this service in addition to the original complaint points.

Mr M was unhappy with the complaint response from Prudential as there was no detail as to how the delay had been calculated nor any copy of the redress calculations.

As part of their submissions to this service Prudential provided the redress calculations and further detail of how the delay itself had bene calculated.

This further detail broke the delay down into two main parts.

- A delay in the provision of the illustrations – if no delay had occurred the request would have been received on 23 November 2021 with the illustrations provided on 24 November 2021 – a delay of 5 working days.

- For Mr M's policy a vetting email sent by Prudential on 29 December 2021 did not include the mandatory requirements for a SIPP as it should have done. As these were not requested until 14 January 2022 - an 11 working day delay occurred.

These two issues combined to give a total overall delay of 16 working days.

The redress calculation provided showed that for this 16 working day delay Mr M had not been financially disadvantaged and as such no amendments were necessary on his policy.

The policy was activated on 10 February 2022 with funds invested on 11 February 2022 with the redress calculation amending these dates to 19 January 2022 and 20 January 2022 respectively.

Our investigator looked into things and concluded that Prudential's assessment of the delays was insufficient. In addition to the delays identified by Prudential, the investigator noted a further three-day delay caused by the incorrect information provided by Prudential in relation to the beneficial ownership page of the application form.

The investigator concluded that this error resulted in a further three-day delay and as such the total delay should be 19 days (rather than the 16 identified by Prudential in their response letter).

As such the findings issued requested Prudential redo their redress calculation based on Mr M's investments being made on the 17 January 2022 (rather than 20 January 2022 proposed by Prudential, and 11 February 2022 when they were actually made).

Regarding the £500 offer to cover the distress and inconvenience caused by these issues, the investigator concluded that this was in line with what they would expect to see in such circumstances and as such did not recommend anything further for this.

Finally, in respect of the additional issue around further information being required on the £100,000 of disputed transactions on Mr M's pension, the investigator asked Prudential to cover this with Mr M's adviser as soon as possible.

In response to these findings Mr M proposed an alternative timeline to take into account the way in which the new investments were funded. Alternative dates for investment of 2 and 4 February 2022 were suggested – with these dates equating to overall delays of 5 or 7 working days.

Prudential acknowledged receipt of the findings issued but did not confirm whether they agreed with the findings issued or not. In response they did provide redress calculations however these were based on the 16 working-day delay they had proposed in their complaint response letter. In addition, no further detail was provided in relation to the £100,000 of disputed transactions.

Given this and taking into account Mr M's suggested alternative delay period for redress, the case was passed to me for a final decision.

I initially issued a provisional decision which stated:

“It is clear that there were delays in the setting up of Mr M’s pension investment – Prudential’s complaint response accepted this and identified a 16-day delay.

The redress calculations completed by Prudential (and now provided to Mr M and his adviser) show that no loss occurred because of this 16-day delay.

The findings issued by our investigator reached a different conclusion and calculated that the delay was in fact slightly longer at 19 days. Prudential have not confirmed whether they are willing to accept this amended outcome and have not provided any calculation to show whether this longer delay negatively impacted Mr M’s pension.

Overall, I have reached the same conclusion as our investigator and for broadly the same reasons.

From the documentation on file, the three causes of delay in setting up Mr M’s pension investment related to the delayed provision of the product illustrations, the incomplete information being provided in the first vetting email, and Prudential’s request for a beneficial ownership form that was not required.

Taken together, these delays equate to 19 working days.

Prudential’s complaint response and calculation of the delays caused included two of these issues, but not the third. Given the beneficial ownership form was incorrectly requested in respect of Mr M’s pension, I agree with our investigators decision to include this in the assessment of the overall delays suffered.

For his part, Mr M has suggested a different timeline which reduced the delay period to account for the 13 days taken to encash the pre-existing investments used to fund the new bond.

However, that has already been factored into the timeline proposed by our investigator. The pre-existing investments did have to be encashed to fund the new bond, with our investigator simply removing the unreasonable delays caused by Prudential from the chain of events above.

The 13-day period for the encashment of the existing investments has not been altered or removed by the investigator, with the only change being the removal of the 19-day total delay caused by Prudential.

Without this 19 day delay the investment would have been made on 17 January 2022 rather than 11 February 2022. The alternative investment dates proposed by Mr M (of 2 and 4 February 2022) would equate to delay periods of only 5 or 7 days, which I consider inconsistent with the errors made by Prudential.

Given this, I have reached the same conclusion as our investigator regarding the delays suffered and the dates to be used in the redress calculations.

I also agree with our investigator in concluding that that £500 offered by Prudential to cover the distress and inconvenience caused by the delays is appropriate. This is in line with what I would expect to be offered in circumstances such as these and as such I see no reason to change this.

I have considered the additional recommendation made by our investigator, stating that Prudential should provide additional details around the £100,000 of contested transactions on Mr M’s account.

Here I would note that this issue is a separate complaint point, and not one which was covered by Prudential in their complaint response to Mr M. I see no reason why Prudential should not provide full information to Mr M regarding the transactions in his pension (and underlying investments) however I have not included any instruction for them to provide additional information within this decision.

This service is an informal complaint resolution service that steps in when a business and its consumer cannot resolve a complaint issue between themselves. As such, that businesses own complaints process must be exhausted before I can issue a decision. Any final decision I make becomes legally binding on Prudential (if Mr M accepts it) and as such it would be inappropriate for me to make comment on the provision of a transaction history without Prudential first having the opportunity to investigate and resolve the issue.

As such I have not commented further on this issue.

Redress instructions for the original issue around the delays to Mr M's pension investment sis included below."

In addition, I asked all parties to provide any additional evidence or commentary they wanted taken into consideration by 26 March 2024.

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.

Prudential did not respond to the provisional decision issued.

Mr M, through his adviser made additional comments about both the delay issue and the provision of additional information on the £100,000 of contested transactions on Mr M's account.

Regarding the delay issue Mr M has noted that he maintained control over when investments would be made within his pension. As such he would always have looked to manage the timing of the investment to best suit his requirements and would have sought to time this to have been as soon after the 25^{th} of the month as was possible.

I accept that Mr M did have the ability to time his investments however I remain of the opinion that the redress outlined in my provisional decision is reasonable.

Prudential caused delays of 19 working days to the setting up of Mr M's new pension investment. Whilst it may be the case that had Prudential acted differently and not caused these delays, Mr M would also have acted differently and chosen to actively delay the process in order to invest at a chosen time, there is no evidence available which would allow me to assess this.

I do not consider it fair to allow Mr M to effectively choose an alternative investment date, with the benefit of hindsight, in order to maximise any potential redress which may be payable.

The redress instructions I have provided ensure that a comparison is made to establish if the 19-day delay attributable to Prudential caused Mr M a financial loss, and whilst I appreciate that a no-loss outcome is likely, I am not making any changes to the redress instructions already provided.

Moving on to the provision of information about the £100,000 of disputed transactions, Mr M has stated that a complaint was made to Prudential about this issue on 9 August 2022 and again on 16 November 2022, with Prudential declining to answer the complaint on 25 November 2022.

Whilst documentation from 9 August 2022 is available there is no indication of a complaint being registered within the documentation I can see. It is clear from the documentation on file that Prudential had yet to provide information that was considered satisfactory to Mr M however, no complaint was made at that time.

In addition, documentation from 16 and 25 November 2022 is not on file.

With regard to this issue, I would repeat here that I see no reason why Prudential would or could not provide a full transaction history for Mr M's policy and provide full information regarding the level of charges that have been applied. It is entirely appropriate to expect a business to respond to reasonable request for information from its policy holders.

However, it would not be appropriate for me to go further and include an instruction to Prudential regarding the provision of further information to Mr M, as this is a separate complaint point with there being insufficient evidence on file for me to make a decision.

This complaint point should be dealt with separately, with both parties being given the opportunity to provide all the relevant information and evidence before a decision is issued.

Given the commentary above, the redress instructions below remain unchanged from those included in the provisional decision.

Putting things right

Fair compensation

My aim is to put Mr M as close as possible to the position he would probably now be in if the investment had not been delayed.

But for the delays caused by Prudential, Mr M would have invested earlier than he did.

What should Prudential International Assurance Plc do?

To compensate Mr M Prudential International Assurance Plc must:

- Assume that the funds were invested into the International Portfolio Bond on 17 January 2022.
- Assume that the investment would have gone into the same funds and the same proportion as they did on 11 February 2022.
- Compare the current value of the International Portfolio Bond with the fair value, assuming that the funds had been invested on 17 January 2022.
- If the fair value is greater than the actual value, there is loss and compensation is payable.
- If there is a loss, you should pay into Mr M's pension, to increase its value to the level it would have been at, had the investment taken place on the earlier date.

Provide the details of the calculation to Mr M and his IFA in a clear, simple format.

Fair value

This is what the investment would have been worth at the end date had it been invested on 17 January 2022 instead of 11 February 2022.

Any additional sum paid into the investment should be added to the fair value calculation from the point in time when it was actually paid in.

Any withdrawal from the investment should be deducted from the fair value calculation at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there is a large number of regular payments, to keep calculations simpler, I'll accept if you total all those payments and deduct that figure at the end to determine the fair value instead of deducting periodically.

Why is this remedy suitable?

I've chosen this method of compensation because:

- If the errors hadn't been made that caused the delays, Mr M's funds would have been invested earlier than they were.

There is guidance on how to carry out calculations available on our website, which can be found by following this link: https://www.financial-ombudsman.org.uk/businesses/resolving-complaint/understanding-compensation/compensation-investment-complaints.

Alternatively, just type 'compensation for investment complaints' into the search bar on our website: www.financial-ombudsman.org.uk.

My final decision

In line with the commentary above I am upholding this complaint against Prudential International Assurance Plc. Redress must be calculated and paid to Mr M in line with the instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 April 2024.

John Rogowski
Ombudsman