DRN-4747783

Financial Ombudsman Service

The complaint

Mr V has complained that The Prudential Assurance Company Limited gave him incorrect information regarding the amount of tax-free cash (TFC) to which he was entitled from his Personal Pension Plans (PPPs) held with it.

Mr V has said that he made business decisions based on the higher TFC percentage he was quoted and now has to pay interest on a £40,000 10-year loan he took out to make up the shortfall. Furthermore, Mr V is unhappy with the delays Prudential caused when he tried to access his pension benefits – including the consequences of the TFC not being paid in the 2022/23 tax year.

What happened

On 27 October 2020, Prudential wrote to Mr V's Independent Financial Adviser ("IFA") at the time with information about the pension plans he held with them. The letter confirmed the following:

- Plan number XXXXXX15 had a fund value of £6,728.43 with a transfer value of £11,338.66.
- Plan number XXXXXX54 had a fund value of £56,985.83 with a transfer value of £94,097.25.

This letter included a projection of benefits at age 65. It said if the combined plans didn't grow at all, Mr V could expect his fund to be worth £107,000 with a TFC amount of £40,900. This investigator calculated this to be just over 38% in TFC.

If the combined plans grew at a medium rate of 2.94% per year, Mr V's plan could be worth £138,000, with a TFC sum of £48,700. This was slightly over 35% in TFC.

And if the plans grew at a higher rate of 5.88% per year, then the plans could be worth £177,000 with a TFC amount of £58,400. This was approximately 33% in TFC.

The letter explained the plans in more detail individually and set out how plan number XXXXXX15 had a fund value of £4,966 on 5 April 2006, with a maximum TFC lump sum of £4,047.59. This equated to just over 81% of the fund in TFC.

Plan number XXXXXX54 had a fund value of £47,824 on 5 April 2006 with a maximum TFC sum of £17,838.27 – just over 37% of the fund in TFC.

In December 2022, Mr V wished to access cash to fund a business venture with family members. So, he instructed a new IFA and signed a Letter of Authority (LOA) for it to be able to gather information on his behalf.

The IFA wrote to Prudential with the LOA and requested information about Mr V's pensions. Prudential responded to the IFA's request for information on 29 December 2022 and confirmed the following:

- Both plans combined could be worth £125,000 if they grew at a low rate, £151,000 if they grew at a medium rate, and £183,000 if they grew at a high rate.

- Plan number XXXXXX15 had a current value of £7,326.64. Again, this letter confirmed the value of the plan on 5 April 2006 as £4,966, with a maximum TFC amount of £4,047.59 – just over 81%.

- Plan number XXXXXX54 had a current value of £62,052.31. The letter explained the value of this plan as at 5 April 2006 along with the maximum TFC entitlement, which was just over 37%.

The IFA contacted Prudential on 11 January 2023 and requested up-to-date Protected Tax-Free Cash (PTFC) percentages. Mr V's pension plans had this enhancement beyond the usual 25% entitlement. On 24 January 2023, Prudential sent Mr V a Retirement Options Pack (ROP). This pack confirmed the total of the pension pot was £128,394 and Mr V could take 38% of the fund as TFC.

On 1 February 2023, the IFA called Prudential and asked for the percentage of PTFC available as Mr V thought there was a discrepancy, based on the 'A-Day' values (5 April 2006). The agent was unable to give an exact figure, but confirmed it was approximately 30%.

Prudential sent the requested information on 10 February 2023. This letter again confirmed the PTFC entitlement was 38%.

Mr V sent an email to Prudential querying the 38% figure. On 22 February 2023, Prudential wrote to Mr V and said the following:

"We are writing with reference to our email dated 17 January 2023 and 8 February 2023. We have reviewed our files and confirm that the tax free cash percentage in the above correspondence is 38.00%.

We confirm that the fund value of your plan is £129,154.03 as at 22 February 2023. Please note that this figure isn't guaranteed and may be subject to change.

You are eligible to receive £49,110.95 i.e. 38.02% as tax-free cash from the total fund value as on 22 February 2023."

On 7 March 2023, Mr V called Prudential to enquire both about the PTFC amounts and asking about taking the PTFC and moving into drawdown. Prudential told Mr V that this was possible, but that his IFA would need to set up the post -PTFC drawdown policy.

On 10 March 2023, Mr V's IFA called Prudential and said that Mr V wanted to take the full PTFC amount, plus £13,000 as a one-off income payment, and requested the forms be sent to facilitate this. Prudential explained that the forms needed a "wet" signature and needed to be returned with two forms of identification.

The IFA also confirmed that he was not providing financial advice to Mr V, along with the risk warnings.

Prudential then asked the IFA to contact Mr V and ask him to call Prudential so it could go through the risk warnings with him. The required forms would then be issued.

On 20 March 2023, Mr V called Prudential to discuss claiming his pension benefits. He explained that he wanted to take the full TFC element, and place the rest in a drawdown facility. Prudential advised him that he would need to do that via his IFA, but Mr V said it was his IFA who told him to call Prudential and complete the risk warnings stage of the process.

The agent explained that they needed Mr V's IFA to call them to request the forms, and once they'd been received, they could begin the claim process. Alternatively, if Mr V wanted to do it himself, Prudential could schedule a risk warnings telephone call for three weeks' time. Mr V expressed his dissatisfaction at this stage because it would mean the claim wouldn't complete until the following tax year. Mr V raised a complaint and asked for a call back from a manager within 48 hours.

The following day, on 21 March 2023, Mr V's IFA called Prudential to query the three-week timescale Mr V had been given for the risk warning telephone appointment.

Prudential told the IFA that he could give the risk warnings instead so as to speed up the process. The IFA asked for the relevant information to be sent to him, but also said that he didn't think he was able to provide Mr V with the regulated financial advice to facilitate taking his pension benefits.

Prudential wrote to the IFA on 28 March 2023 and enclosed a retirement pack for Mr V. This pack confirmed Mr V was entitled to 38% TFC.

A further ROP was sent on 29 March 2023 and another on 6 April 2023.

Prudential also sent its first final response letter (FRL) on 6 April 2023, following Mr V's complaint which he'd raised on 20 March 2023.

Mr V's complaint points were summarised as follows:

- He was unhappy with the delay in accessing his TFC.
- He was unhappy that his FA had been told the TFC percentage available was 76% and 46%, but the actual percentage was 38%.
- He was unhappy with the call wait times and being unable to communicate via email.

Prudential upheld the complaint and apologised for the poor service. It explained how Mr V's IFA should have been told the figures 76% and 46% were incorrect, and had it done this, the claim could have progressed quicker.

Prudential said that, when the claim was complete, it would conduct a loss calculation to ensure Mr V wasn't financially disadvantaged as a result of its delay. It also offered him £250 by way of an apology.

Mr V sent an email to Prudential's chief executive officer (CEO) on 21 April 2023. Within it, Mr V explained that he was unhappy with the complaint resolution offered and felt the communication level had been poor. A further FRL was issued to Mr V on 24 April 2023. Prudential summarised Mr V's concerns as follows:

- Mr V had made business decisions based on the higher TFC percentage he'd been quoted.

- He remained unhappy with the delays he'd experienced.

Prudential explained why the TFC percentages were different. It said the following:

"On 29 December 2022, we sent a document to your adviser with the policy information for both of your policies. This is the document you emailed us.

In this document we confirmed the Protected Tax-Free Cash (PTFC) and fund values for both of your policies at 6 April 2006 ('A' Day). Both PTFC values at that time exceeded 25% of the fund value on that date. The policy information we sent confirmed the value of the PTFC at 6 April 2006, but did not confirm what the value of your PTFC would be now. Indeed, our letter states "When taking your benefits at the intended retirement date we'll calculate your protected tax-free cash sum at that date." The values provided were correct, although I agree we should have also provided the current PTFC values to your financial adviser at the same time."

Prudential also said the following:

"I agree we delayed confirming the correct PTFC values from 29 December 2022 to 24 January 2023.

However, I am unable to agree we gave incorrect or misleading information. The PTFC values at 'A' Day, given in our letter dated 29 December 2022, were correct. We would not be able to pay any more of your fund value as PTFC than you are entitled to under current legislation."

But Prudential offered an additional £250 to apologise for its error.

Mr V responded on 25 April 2023. He accepted 38% TFC was the final position and asked to drawdown on it immediately. However, he did not accept the further £250 and said the following:

"*1. I made a business decision in December 2022 based on the TFC Values given, which has meant I am now having to borrow an additional £40,000+ at 7.15% in an interest-only loan for the new business over the next 10 years.*

2. The days I have spent just getting through to people over 30 minutes just to speak to someone, who then spent an hour not giving the right information. My day rate ranges from £1,000 to £1,400 per day depending on the customer.

3. Then you are very welcome to offer a gesture of goodwill."

He asked Prudential to confirm how much it was willing to pay in compensation in respect of the three points he had raised, and when he would receive his TFC.

Prudential responded on 15 May 2023 and explained that it was still working on his complaint, but there were further steps he needed to take in order to receive his TFC. It said the following:

"In order to withdraw the Tax Free Cash part of your policy, you have to move your total fund to a new policy that allows for this type of withdrawal – i.e. an income drawdown policy. We have made a business decision to ask all customers interested in transferring to an income drawdown product to do so via a financial adviser. This is not a legal or regulatory requirement, but a decision we have taken as a business."

Mr V replied and said he felt it was very unfair that Prudential was withholding his money. In response, Prudential said that it understood his frustration, and once Mr V had claimed his pension, it would conduct a full review to ensure he had not been financially disadvantaged by its errors.

Mr V replied and explained that he was concerned with the content of the email because the reason Prudential called him in March was due to him not being able to have a risk "interview" until the following tax year, which he explained was critical to avoid.

Furthermore, Mr V said, the reason he called Prudential was because Prudential told his IFA that it was the IFA who needed to do the risk interview. So, it wasn't the case that the process hadn't been started.

When no response was received, Mr V contacted Prudential's CEO again on 20 May 2023. Further phone calls took place and, on 24 May 2023, Mr V emailed Prudential and said the following:

"Thank you for your time yesterday – further to my voicemail, can you please let me know what I put on the form below, I have filled the rest out.

We agreed this stays with Prudential, but under a new scheme to allow me to draw the remaining money but taxed."

Prudential responded and again said that Mr V needed to arrange for his IFA to instigate the process.

But Mr V's IFA said he was told Mr V needed to complete the forms.

Mr V decided he wished to cash in his entire pension pot, and on 1 June 2023, Prudential called Mr V to arrange it. During this call, Mr V was told he could only receive 38% PTFC if he chose the annuity option or drawdown option. As he wanted to take the pot as cash, he would only get 25% tax free.

Mr V said he did not accept 25% TFC and would raise this as part of his complaint. He signed the 'Return of funds' form on 4 June 2023 and, on 15 June 2023, Prudential paid Mr V £85,291.

Prudential issued a further FRL on 27 June 2023. In addition to the previous complaint points, Mr V was unhappy with the compensation amount previously offered and was unwilling to accept 25% TFC.

Prudential accepted that it had caused a delay during the claim process, and following a loss calculation, agreed to send Mr V £308.29, as it felt it could have processed the claim on 22 May 2023 rather than 15 June 2023. And had it done that, Mr V would have received £308.29 more.

Prudential maintained that it didn't provide incorrect information and therefore wouldn't consider redress for the £40,000 loan Mr V took out. And it said that he had forfeited the higher PTFC percentage when he changed his mind from a flexible retirement plan to an Uncrystallised Funds Pension Lump Sum.

It did, however, increase the separate compensation amount it was offering to £1,000. Mr V remained unhappy with this, however, and referred his complaint to this service on 11 July 2023.

Having assessed the complaint, our investigator didn't think that it should be upheld. She said the following in summary:

- With regard firstly to the matter of the protected tax fee cash amount, the percentages quoted by Prudential within the letters sent to Mr V's IFA in October and December 2022 were those applicable in April 2006.

- Prudential had conceded that it hadn't confirmed the current value of the PTFC, and this would have caused confusion – it would have been reasonable for Mr V to assume that the current PTFC percentages might be similar to those in 2006.

- But Prudential couldn't be held responsible for the decisions taken by Mr V in response to those letters. Mr V's IFA ought to have highlighted to Mr V that the percentages were based on the "A-Day" values and that he should therefore wait for any up to date percentages before making any final decisions.

- The letters from Prudential had highlighted that the TFC values weren't guaranteed, and Prudential hadn't provided incorrect information. The values quoted as at April 2006 were correct.

- In terms of the delays, Prudential had accepted that, following its letter of January 2023 in which it quoted the PTFC values of 38%, when the IFA called and quoted the higher PTFC values, it didn't tell him that these were wrong. It therefore conceded that it had caused delays in the transfer process.

- But Prudential had determined that, if it wasn't for its errors, the transfer could have been made on 15 May 2023 instead of 15 June 2023. The difference in the transfer value would have been £67.01, and when interest was added, this came to £308.29. It agreed to pay him this amount.

- Having considered the timeline, the investigator broadly agreed with Prudential's position, as Mr V hadn't himself accepted the 38% PTFC percentage until 25 April 2023, even though this had been conveyed – and confirmed - to him in January 2023.

- From the date which Mr V accepted this – 25 April 2023 - to the date the payment was made was 38 working days. Prudential's calculation that it should have taken 14 working days seemed reasonable.

- Although Mr V was unhappy that the amount had been paid in the 2023/24 tax year, it couldn't have been paid in the previous tax year as Mr V hadn't accepted the PTFC percentage of 38% until 25 April 2023.

- The investigator noted the trouble and upset that Mr V had been caused by Prudential's actions, but she considered that the £1,000 payment it had offered was appropriate in the circumstances.

Mr V disagreed, however, saying the following in summary:

- He'd in fact accepted the 38% PTFC figure in March 2023. This was confirmed in a call, in which he asked whether it would all be completed in the 2022/23 tax year.

- Prudential had told him that he could take the 38% PTFC but he couldn't then draw down the rest over multiple phases. And if he transferred the policy, he would have lost the 38% PTFC – new polices are limited to 25% TFC. It would also have cost him up to 5% of the policy value to transfer.

- Due to the delays incurred he needed the money and so he had to take the crystallisation option. Had he known that he couldn't actually access the 38% PTFC, he would have taken the crystallisation option in March and then spread the 75% non TFC withdrawal over two tax years saving thousands of pounds in tax.

The investigator noted Mr V's further points, but wasn't persuaded to change her view on the matter, saying the following:

- She believed the call to which Mr V had referred was that of 20 March 2023. In this call, Prudential told Mr V that the drawdown option must be done via his IFA and that the IFA would need to call it to confirm that he would be providing regulatory advice and risk warnings to Mr V. And Prudential said that the process could take up to three weeks, so by that point the transfer wouldn't have happened by the end of that tax year.

Mr V said the following in response:

- It was frustrating, as he'd had the calls with Prudential to clarify that he could draw the money and spread it over two tax years. This had been confirmed as being possible, but he then received conflicting information and advice from the different departments within Prudential. Then the rules changed and he couldn't draw down through Prudential.

- He was never able to draw down the PTFC at 38% with Prudential and it was Prudential which caused the delays and the financial loss to him.

- If Prudential hadn't taken three weeks for the risk warnings, it could have been settled before the end of the tax year – he'd been trying to get these done from the end of February/beginning of March 2023. But it took 45 minutes for calls to be answered and he couldn't call unless he had a spare 90 minutes.

- Mr V considered that these were all delaying tactics to prevent him from accessing his money.

The investigator then made the following observations, however:

- When Mr V called Prudential on 7 March 2023, he was told that the drawdown facility must be set up by his IFA, and when the IFA spoke to Prudential on 10 March 2023, they informed Prudential that they wouldn't be providing Mr V with risk warnings and advice. And so Prudential asked the IFA to arrange for Mr V to call it direct.

- Mr V did then call Prudential on 20 March 2023, but he was informed that it would need to be facilitated through an adviser. The call on 10 March 2023 likely confused matters as the IFA had said that they weren't advising Mr V.

Mr V asked that the matter be reviewed, however, saying the following:

- The matter had really confused him – and the process had confused his IFA as well.

- The scenario changed as the process developed, and as he was making each decision. Losing over £20,000 wasn't part of his thinking when he made those decisions.

The investigator confirmed to both parties that, as agreement hadn't been reached on the matter, it would referred to an ombudsman for review.

Mr V then submitted further comments as follows:

- The process had changed since December 2022 and the complaint evolved as deadlines were missed – as one action failed, it created another issue/complaint.

- He hadn't agreed to relinquish over £20,000 and the rules had changed during the process. Conflicting information had been given to him and his IFA.

- His IFA had said that it couldn't know about the A-Day issue, as this wasn't contained within the information provided by Prudential. Prudential's failings had cost him the opportunity to have the money months previously, and denied him the opportunity to draw the money over two tax years.

- His contact at Prudential had confirmed that he would be compensated, which Mr V had assumed would be in the region of the lost £20,000. He'd been told to take his money so that Prudential could then calculate the compensation. Had he known that he wouldn't be receiving the proper compensation, he would have transferred the money to a different scheme and taken it over the next two years. He felt he'd been tricked into taking the money through Prudential. This was in breach of the rules surrounding "consumer duty".

As agreement wasn't reached on the matter, it was referred to me for review.

I issued a provisional decision on the matter, in which I set out my reasons for not upholding the complaint. The following is an extract from that decision.

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'd firstly say that I do think that the overall process has been complicated by the fact that three parties have been involved here, with each communicating at times independently of the other, with perhaps confused results, and messages possibly not being accurately or fully conveyed.

I'm therefore issuing this as a provisional decision to give both parties the opportunity to comment on what I'm setting out below.

I've initially considered the matter of whether Prudential ought reasonably to be held responsible for Mr V needing to taking out a loan for his business and paying interest on this. But having done so, as with the investigator, I don't think that it should.

It's unfortunate that updated PTFC percentages weren't forthcoming in early January 2023 in response to the IFA's initial requests. But I think Mr V's IFA ought reasonably to have been able to provide Mr V with an indicative estimated value of the PTFC given the changes in the LTA, or at the very least confirm that the values would be different from those quoted as being applicable in April 2006 – and why. As such, Mr V would have been on notice, from 29 December 2022, as to why any financial decisions made on the basis of April 2006 would need to take this into account. And the PTFC percentages – at 38% - were confirmed by 24 January 2023.

Therefore, I don't think it would be fair and reasonable to require Prudential to compensate Mr V for the interest he's now paying on the loan he took out due to those financial – or business - decisions he'd made on the basis of the April 2006 PTFC figures.

I've then thought carefully about Mr V's assertion that he would never have been able to draw the 38% PTFC through Prudential. It was, however, possible for Mr V to access his PTFC, but this would have required him to buy an annuity with the remaining fund using the open market option, to transfer to a section 32 "buy out" bond, or transfer the remaining fund value to a drawdown plan. And both Mr V and his IFA were seemingly aware of the possibility of accessing the PTFC and transferring the remainder into drawdown, certainly by 7 March 2023 (see further on this below).

In terms of the delays caused, as I've noted above, the PTFC wasn't confirmed as being 38% until 24 January 2023. And so I've then thought carefully about the sequence of events after the IFA's initial information request in December 2022 and whether any delays caused by Prudential thereafter meant that Mr V was unable to receive his TFC before the end of the 2022/23 tax year.

In a call from Mr V on 18 January 2023, in which he said that he wished to iron out what he considered to be inconsistencies in the information provided, notably the PTFC, but also said that he wished to receive his pension funds before the end of the tax year, Prudential told Mr V that the process would be quicker if it was handled by his IFA. It suggested that he also use Pensionwise to consider his options. But Mr V said he'd been working with his IFA. Prudential confirmed that it had previously sent plan information to Mr V's IFA, but that it would be sending the options pack to Mr V.

Prudential then reconfirmed the PTFC as being 38% on 22 February 2023. So I think by this point, there could reasonably be little doubt that this was the percentage of PTFC available to Mr V. Mr V himself seemed to, albeit reluctantly, accept this in the call he made to Prudential on 7 March 2023.

Mr V was told in that call by Prudential that the post-PTFC drawdown policy would need to be set up by his IFA. At this point, Mr V was keen on knowing timescales, but no documentation was requested with regard to actually entering into drawdown. Mr V was told that this IFA could request the forms required once it had started the drawdown process, but that information would be sent to his IFA.

The IFA then called on 10 March 2023 to request the forms required for Mr V to draw down the maximum TFC and the additional sum. Prudential said that it would email the forms, and *that it would be done no later than 20 March 2023 – this was accepted by the IFA. It was explained that Mr V would need to transfer into a different plan with Prudential or with another provider. Again this was acknowledged and accepted by the IFA.*

In a follow up call on the same date, Prudential enquired of the IFA as to whether it would be providing regulated advice to Mr V about entering drawdown or covering the risk warnings. And the IFA confirmed that it wouldn't. Prudential therefore asked the IFA to request that Mr V call it so that it could go through the risk warnings, as the transfer documents couldn't be sent until this had happened. Mr V would need to book an appointment to go through the risk warnings.

But – and I think this is a very important aspect of this matter and one which Mr V should note carefully - it was confirmed that Mr V would need to seek financial advice, be it through that IFA, or another IFA. The IFA agreed to ask Mr V to call Prudential. And so there could be no doubt that, in order to achieve what Mr V wanted, regulated financial advice in some form would need to be obtained, irrespective of the call in which Prudential would run through the risk warnings.

Mr V did then call Prudential on 20 March 2023, ten days later, to say that he'd been told by the IFA to call to go through the risk warnings for the documents to enable the withdrawal of tax free cash and then transfer into drawdown to be sent. Mr V confirmed that the documents had already been requested by his IFA. Prudential then said that the IFA needed to confirm that it was taking responsibility for the regulated advice. But as it wasn't, Prudential would need to go through the risk warnings with Mr V for the documents to implement the tax free cash withdrawal and transfer into drawdown to be issued. This could take up to three weeks.

As set out above, Mr V expressed dissatisfaction with this, and raised a complaint. The call for the risk warning was then scheduled for 24 March 2024.

The IFA then called Prudential on 23 March 2023. Mr V was due to run through the risk warnings with Mr V the next day, after which the documentation would be sent out to implement the TFC withdrawal. The IFA asked Prudential for a timescale for completion – and it said that the process until payment would be around two and a half weeks in total. Prudential said it could be streamlined, and the risk warnings circumvented, if it could email the IFA, but the IFA again confirmed that it wasn't providing regulated advice.

And so, in thinking about whether Prudential has caused any delays which meant that the PTFC payment could otherwise have been made in the 2022/23 tax year, I don't think it could be reasonably concluded that it did. I think there was a certain amount of back and forth prior to the beginning of March 2023 when the matter of the PTFC was being debated. But whilst I think Prudential could have been clearer in terms of why the PTFC was now 38%, it had confirmed, and then reiterated that this was indeed the case.

And once Mr V had then confirmed that he wished to enter drawdown on 7 March 2023, which was followed by the IFA's call on 10 March 2023, I think Prudential was sufficiently clear as to what would need to take place for this to be achieved. Had there not been the ten day delay between then and Mr V calling on 20 March 2023, and given the actual timescale within which Prudential was able to schedule the risk warning call after 20 March 2023, along with the two and half week timescale for how long it would take for the money to be paid, it could hypothetically completed by 5 April 2023.

The transfer to drawdown would have required financial advice, but this had also been confirmed by Prudential on 10 March 2023, and so this could have been quickly sought and obtained – and as also explained by Prudential, this would also have obviated the need for *the call for the risk warnings to be given to Mr V.*

Prudential has concluded that it should have made it clearer sooner as to why the PTFC was 38% rather than the previously quoted higher percentages. And as I've set out above, I agree. For the reasons I've also given, I don't think this delay ought reasonably to have prevented Mr V from accessing his tax free cash before the end of the tax year. But I do agree that this would have had a knock on effect for the eventual payment of Mr V's pension fund, as an Uncrystallised Funds Pension Lump Sum (UFPLS), several months later.

Prudential has calculated this to be 16 working days, and having considered the timeline, which factors in an earlier explanation to Mr V as to why the PTFC percentages were lower, and a faster process once Mr V confirmed that he wished to take the UFPLS, this doesn't seem unreasonable.

I've also noted that Prudential has offered Mr V £1,000 in respect of the poor service he's received – and again, given the overall circumstances here, I think that's fair.

I have noted Mr V's comment that he assumed he'd be compensated for the approximate £20,000 loss he considers he incurred, but I think Prudential informed him that it would compensate him for the losses it considered it had caused. And for the reasons given above, I don't think Prudential has caused that scale of financial loss – rather, I'm inclined to agree that it should compensate Mr V for the delays in making the payment of his pension funds, which I understand it has done."

Prudential agreed with my findings. But Mr V said the following in response:

- When he tried to transfer to a different plan with Prudential, it said that it no longer offered that service and if he transferred outside of Prudential, the new policy would only provide him with the standard 25% tax free allowance.

- Due to the delays, he lost the difference between the TFC (25%) and the PTFC (38%) amounts.

- The rules changed without notice, which disadvantaged him.

On the basis of Mr v's response, I asked the investigator to put these comments to Prudential, but it said that it had no record of it informing Mr V that it was no longer possible to transfer into a Prudential drawdown product – just that it was an advised product.

And so the investigator then asked Mr V if he had a record of how he considered the disputed information had been conveyed to him.

Mr V replied, saying that Prudential had said this to him in an email dated 24 May 2023, as follows:

"Thank you for your email and voice mails. I have checked your questions with our relative teams and this is not something we can provide. If you are looking to take a drawdown product, this is something your Financial Adviser (FA) would need to instigate, whether it is with Prudential or another company. As we are not Financially trained, we cannot provide the information of what product to take, as it may not be suitable for your needs."

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've carefully considered what Mr V has said in response to the provisional decision, but I'm afraid my view on the matter remains the same.

To explain, whilst I think the email to which Mr V has referred above could be worded better, I don't think this would reasonably have conveyed to him that he could no longer establish a drawdown product with Prudential (or for that matter with another company) – just that this would need to be done as part of an advised process. And it was that regulated financial advice which it wasn't able to offer. It said that it wasn't able to provide information on what product to establish, as it might not be suitable for Mr V – not that he wasn't able to enter into drawdown with Prudential or another company.

Moreover, I think this is consistent with what Prudential had been telling Mr V's adviser from early March 2023 – which was that in order achieve Mr V's objective of taking his maximum PTFC and then transferring the remainder into drawdown, he would need to go through the regulated advice process. It wouldn't be able to establish the drawdown policy without this.

And for the reasons set out in my provisional decision, I think the timescales ought to have allowed for advice being sought and received on entering drawdown, and the PTFC then being paid before the end of the 2022/23 tax year.

In closing, I would also comment on an aspect which Mr V has previously raised, in that Prudential has acted contrary to the requirement of its "Consumer Duty". The requirements of Consumer Duty were introduced for "open" products and services, within which category Mr V's pension policy would fall, on 31 July 2023. As Mr V had already taken his pension funds as an UFPLS before that date, the consumer duty requirements wouldn't apply in this case.

But I would say that Prudential nevertheless needed to treat Mr V fairly. And although it did demonstrate some failings in its relationship with Mr V, I think the action it's taken to put this right is appropriate in the circumstances.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 21 May 2024.

Philip Miller
Ombudsman