

## The complaint

Mrs R complains about the performance of her Group Personal Pension Plan (GPPP), held with The Prudential Assurance Company Limited (Prudential). She'd like a full explanation of how much money Prudential has lost from her pension. She'd also like to be compensated for that loss, and for the stress she feels Prudential has caused her.

## What happened

Mrs R had a Group Personal Pension Plan with Prudential. She said that her pension had been transferred into a low risk fund a number of years ago which meant that while it didn't increase by much, it wouldn't lose money before her retirement. However, Mrs R's last three annual statements showed that she was invested in the following three funds, with a further small amount in the cash fund:

- Prudential Discretionary
- Prudential Fixed Interest
- Prudential Index-Linked

Prudential sent Mrs R an annual statement in 2020 which stated that her transfer value was £45,325.77 as at 30 April 2020. It sent a statement in 2021 which stated that her transfer value was £44,780.21 as at 30 April 2021. And a 2022 annual statement which stated that the transfer value was £43,005.24.

Prudential sent Mrs R a Retirement Options pack on 22 March 2023. This stated that the total pension pot value for transfer was £34,881.86 on 22 March 2023. The letter said that this value wasn't guaranteed and could still go up or down until Mrs R took her benefits.

Mrs R said that in July 2023 she decided to transfer her pension to another provider so that she could start to drawdown from it. She said she called Prudential to tell it what she wanted to do.

Mrs R said that Prudential's call handler had asked her if she knew the current value of her pension. She said she only had the 2022 statement at that point. She said the call handler confirmed that Prudential hadn't yet sent out the 2023 statements. Mrs R said the call handler couldn't then provide her with a current transfer value. She said she thought she was invested in a low-risk fund, which wouldn't have changed in value much since the last statement. Therefore she said she agreed to Prudential arranging the transfer over the phone.

Mrs R said her pension was then transferred to her new provider. But that when she checked her account with that provider, she found out that the transfer from Prudential was only for a little over £33K, not the £43K she'd expected. She felt this meant that Prudential had lost 23% of her pension in one year, despite it being invested in a very low risk fund.

On 2 August 2023, Prudential wrote to Mrs R to confirm that it had transferred £33,265.06 to

her new provider.

Mrs R said she was devastated by the fall in value and so contacted Prudential to complain.

I'm unsure about when the 2023 annual statement was actually sent to Mrs R, but the copy I've been provided with is dated 20 May 2023. It stated that the transfer value of the pension as at 30 April 2023 was £34,400.37.

Prudential issued its final response to the complaint on 24 August 2023. It said that the return on Mrs R's investment depended on the performance of the funds she'd chosen. It said that her pension didn't have any guarantee that the value wouldn't go down.

Prudential also said that the product literature, which Mrs R would've received at the start of her pension, had made it very clear that the value wasn't guaranteed.

Mrs R wasn't happy with this response. So she brought her complaint to this service. She wanted us to look into why what she felt was a steady pension in a very low risk fund could suddenly lose 23% of its value. She also wanted to know whether Prudential's call handler should've transferred her pension without being able to confirm its value.

Our investigator didn't think that the complaint should be upheld. She felt that Prudential had acted fairly. She explained that this service doesn't uphold complaints based on performance alone, as this is outside of a business's control. And that to uphold a complaint like this, we'd need to be satisfied that a business had acted unfairly or mismanaged a pension in some way. She wasn't able to find any evidence that Prudential had acted unfairly or mismanaged Mrs R's pension. Our investigator also noted that Mrs R's plan had no guarantee of growth, nor one that it wouldn't decrease.

Our investigator acknowledged that Mrs R wanted Prudential to provide a full explanation of how much money she'd lost from her pension. But said she couldn't direct Prudential to do this, as it'd sent annual plan summaries outlining the performance of the pension each year. And had therefore done everything it was supposed to do.

Mrs R didn't agree with our investigator. She said she should've been informed that her pension had dropped by £10,000 before she transferred it. She said that Prudential had previously told her that her pension had been moved into a very low risk fund five years before her pension age.

Mrs R said the last statement she'd had from Prudential was dated April 2023 and showed that her transfer value was £44K. She didn't believe that a fund manager could lose £10K of her money within a few months on a low-risk fund. Mrs R felt that there must have been theft involved in this. She also still felt that her transfer request shouldn't have been carried out over the phone without first providing her with a statement or a current value. She still wanted Prudential to show her a written statement demonstrating how and when her pension value fell 25% in only a few months.

As agreement couldn't be reached, the complaint has come to me for a review.

### **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'm not going to uphold it. I know this will be disappointing to Mrs R. I'll explain the reasons for my decision.

Mrs R's pension was invested across three unit-linked funds, with a small element invested in cash. I understand that her complaint is about the poor performance of her three unit-linked investments.

This service doesn't generally consider complaints about investment performance. This is because performance is usually outside of a business's control. However, we can consider whether there's any evidence that Prudential failed to manage the three unit-linked funds in question appropriately, or if it treated Mrs R unfairly.

I acknowledge that Mrs R said that her pension had been switched a number of years ago into a low-risk fund. So she felt it wouldn't lose money before her retirement. But I haven't seen any evidence that someone told her to switch her funds, or that Prudential advised her on her investments. Therefore I can't reasonably hold it responsible for the investments Mrs R held.

I've not been provided with any evidence to show that Prudential transferred Mrs R's funds into a low-risk fund. Nor have I found any evidence that Mrs R asked Prudential to switch her funds into a low-risk fund, and it then failed to do so.

Mrs R's annual statements confirmed what she was invested in each year and recommended that she reviewed the funds to make sure they were appropriate for her. The statements also made it very clear that Mrs R had chosen her funds and that the value of her investments could go down or up. They also explained that Mrs R could change the funds she was invested in if she wanted to.

I haven't considered whether the three unit-linked funds Mrs R was invested in were suitable for her, as there's no evidence that she didn't make the decision to invest in those funds herself.

Whilst it's clear Mrs R is disappointed with the performance of the funds, that doesn't mean that Prudential has mismanaged them.

I've read the "Key features of the Group Personal Pension Plan" and the "Know your way around our plan" documents. I've also carefully reviewed the annual statements Prudential sent to Mrs R. None of these documents gave any guarantees about the performance of the funds.

The Key features of the Group Personal Pension Plan document stated in the *Where are my payments invested?* section:

*"Remember, the performance of the funds isn't guaranteed. The value of your investment can go down as well as up so you may get back less than you put in."*

*You choose which funds you would like to invest your money in from a fund range that we offer. We use your money to buy units in those funds. The price of each unit depends on the value of the investment in the fund and also, for our unit-linked funds, whether more money is going into or out of the fund."*

It also stated in the *Can I change my investments?* section:

*"Yes, you can switch your money between funds at any time and you can also change where you'd like any future payments to be invested. We don't currently charge you for this but if this changes in the future we'll let you know."*

The Know your way around our plan document provided a description of the nine available

funds. And stated:

*“You’re free to move your investments between our funds at any time.”*

The 2022 annual statement provided an illustration of what Mrs R might get when she took her benefits. And stated:

*“The amounts are shown in today’s prices to give you an idea of what your plan could be worth. We are not making a promise or guarantee that this is the actual pension income you will get. The actual buying power of your plan when you take your benefits could be significantly higher or lower than the amount shown.”*

It also stated:

*“The amount of income you get from your pension plan will depend on many things:*

...

- *The way your contributions are invested and the actual growth of the fund or funds you have selected until you retire.”*

I think it’s clear from the annual statements and from the plan documents that the funds could increase or decrease in value.

I acknowledge that Mrs R feels that Prudential had a responsibility to ensure her funds didn’t fall in value. But I’ve not found any evidence of any guarantees. Nor can I fairly say that Prudential should’ve moved Mrs R’s money to a safer fund without Mrs R giving it a specific instruction to do so.

I can also see that Mrs R wanted us to look into why what she felt was an investment in a very low risk fund could suddenly lose 23% of its value. I acknowledge that Mrs R felt her funds were invested safely because she told us that Prudential had previously told her that her pension had been moved into a very low risk fund five years before her pension age. So I understand why Mrs R felt that Prudential’s fund managers couldn’t lose £10K of her money within a few months.

But, as I noted earlier, there’s no evidence that Prudential transferred Mrs R’s funds in to a low-risk fund. Nor is there any evidence that Mrs R asked it to. I’ve therefore no reason to consider that anyone but Mrs R chose her own funds.

I acknowledge that Mrs R wanted to know whether Prudential’s call handler had acted correctly when he arranged the transfer of her pension without confirming its value. I considered this point next.

*Did Prudential’s call handler act correctly?*

Mrs R felt that Prudential shouldn’t have carried out her transfer request over the phone without first having provided her with a statement or a current value. She said she should’ve been informed that her pension had dropped by £10,000 before she transferred it.

I can’t see that Mrs R has put this part of her complaint to Prudential, and it’s not covered in its final response letter. So I’m not able to address this point fully in this decision. However, I can say that it would be usual for the receiving scheme to have offered Mrs R a cancellation period during which she could’ve cancelled the transfer if she’d been unhappy with it.

In any event, I'm not persuaded that there was anything wrong with Prudential's call handler processing Mrs R's transfer request by phone when she asked it to do so, given it was up to her whether she requested the transfer despite the lack of an up-to-date fund value. I consider that she could've stopped that request if she hadn't been comfortable to proceed without the latest annual statement.

Mrs R told this service that the last statement she'd received from Prudential was dated April 2023 and showed a value of £44K. She said she was therefore shocked to see that the transferred amount was only £33K.

From what I've seen, the April 2023 statement said that the transfer value was £34,400.37, not £44K. So I'm not sure where the £44K figure Mrs R has quoted is from.

I think the evidence shows that Mrs R had been provided with a relatively recent fund value at the time of her transfer request. I say this because the 22 March 2023 options pack stated that the transfer value was £34,881.86, but this wasn't guaranteed. Mrs R hasn't told this service whether she received this pack or not. But I can see that it was addressed to the same address that she used on her complaint form to this service. Therefore I think that on balance of probabilities she did receive this letter.

Therefore, although I appreciate that at the time Mrs R called Prudential to ask for a transfer, she didn't yet have the 2023 statement, I'm satisfied that she had received a letter in 2023 showing that her fund was now worth less than £35K.

I finally considered Mrs R's point that Prudential should demonstrate how and when her pension value fell so much in only a few months.

*Should Prudential be required to explain the fall in the fund values?*

I agree with our investigator that there's no requirement for Prudential to either inform Mrs R that her fund had fallen in value, or to explain why her pension hadn't performed as well as she'd hoped. I say this because I also agree that there's no evidence that Prudential mismanaged the funds that Mrs R chose to invest in.

It isn't Prudential's role to actively manage the funds for Mrs R. Instead, as the pension provider and administrator, its role is to provide information about fund choices to its customers, so that they can make informed decisions about where to invest, and then to invest its customers' funds in line with their instructions. Prudential doesn't give advice on the best way to invest funds, it simply acts on its customers' investment instructions.

It was Mrs R's responsibility, or that of any financial adviser she might employ, to review the funds in her plan and their performance to decide whether they remained suitable, and to change those funds if they weren't happy with the performance or if they became unsuitable.

Mrs R could monitor the performance of her funds through her annual statements. She could also have used Prudential's online portal if she'd wanted to monitor the performance more regularly. And if she'd then wanted to change funds, she could've instructed Prudential appropriately.

I am sorry that Mrs R's funds went down in value close to her retirement. I appreciate this was a horrible shock. And I understand that the lower fund value that was transferred to Mrs R's new provider does have significant financial implications for her. But I've seen no evidence that Prudential is responsible for any of the loss Mrs R feels she's suffered. Therefore I can't reasonably uphold the complaint.

**My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 7 October 2024.

Jo Occleshaw  
**Ombudsman**