

The complaint

Mr D has complained that The Prudential Assurance Company Limited (Prudential) has provided him with poor service in a number of respects:

- He experienced long wait times when he tried to get through to Prudential on the telephone
- Prudential pressured him into using its online services
- Prudential showed lack of urgency in sending documentation relating to his pension and;
- some of the documentation Prudential had sent wasn't received on time
- Prudential told Mr D that he needed to take financial advice before he could take his pension benefits
- The value of his pension had dropped. Furthermore, the fact that Prudential upheld four of his complaint points detailed in its email of 20 September 2023 is reason enough for Mr D's plan to be revalued at over £90,000.00

Mr D believes that he has been caused a financial loss for which he would like to be compensated.

What happened

Mr D opened a personal pension with Prudential in 1982, invested on a with-profits basis. He has continued to make payments into this pension at the rate of £20 a month since inception. This policy was designed to be converted to an annuity at his selected retirement age.

Mr D has complained in 2022 that the cash equivalent transfer value (CETV) of his pension benefits reduced from c£90,000 in August 2022 to around £82,000 shortly afterwards. Another ombudsman from this service investigated this complaint and issued a final decision in March 2023 not upholding his complaint. Mr D did not accept this final decision and this complaint was closed.

Mr D subsequently monitored the value of his benefits and noted that they had continued to fall.

On 2 February 2023, Mr D contacted Prudential to ask about flexibly accessing his benefits taking 25% tax free cash, a further 25% lump sum and leaving the remaining funds invested. He called again later that day but was unable to get through to the claims department at Prudential. Prudential called Mr D the following day and informed him that because of the guarantees on his benefits he would need to take financial advice before transferring his benefits away from Prudential. Unhappy with this, he raised a complaint with Prudential on 3 February 2023.

Prudential responded to his complaint on 12 February 2023, not upholding it. It explained;

Your policy, in its current format, does not facilitate partial drawdown of funds, which means you need to transfer to a policy which permits this. Due to the complexity of the drawdown product, Prudential made a business decision that the involvement and guidance of a financial adviser is required. This is because we are aware that taking out a drawdown policy is an extremely important decision and it is therefore necessary that we ensure that this type of policy really meets our customer's needs and suits their individual circumstances.

It went on to say;

Under the Pensions Scheme Act (transitional provisions and appropriate independent advice) Regulations 2015 it is a requirement that when a policy has safeguarded benefits we must obtain a declaration from an authorised financial adviser confirming advice has been given. This is a legal requirement.

Mr D spoke to Prudential on a number of occasions until 22 February 2023. On that date Prudential explained that there was no transfer claim active on his policy as he did not want to proceed with financial advice. It stated that the benefits would remain invested until claimed, confirming this to him the following day in a letter.

Mr D spoke to Prudential on 2 May 2023 to ask about taking his benefits as a lump sum. It explained to him that he would need to seek financial advice before he could transfer his benefits, which he remained unhappy about. He was also unhappy that Prudential had not informed him that it no longer offered a range of annuity products.

Prudential wrote again to Mr D on 20 July 2023 to confirm to provide him with a CETV and to inform him that:

Income drawdown isn't directly available from this plan, however you may have the option to transfer this plan to an income drawdown product with Prudential or another provider. If you're interested you will need to seek advice as per regulatory requirement, so please speak to your financial adviser. If you don't have an adviser, you can find one at unbiased.co.uk or you can make an appointment with an adviser from [Tied Adviser firm]

Mr D wrote to Prudential on 25 August to say that he had received this letter on 19 August, after the 30 day guarantee had expired. Prudential responded the same day to confirm that it had reopened his complaint, which would be investigated.

Prudential responded to Mr D's complaint on 20 September 2023. It upheld the first four of his complaint points, which it summarised as;

- *We have provided you with poor customer service including, experiencing long wait times when trying to call us.*
- *You feel we pushed you to sign up for online.*
- *You did not receive the requested documents.*
- *Transfer discharge forms dated 20 July 2023 were received 19 August 2023.*

But it did not uphold the last two complaint points he had raised;

- *You are unhappy your policy value has dropped.*

- *You are unhappy a Financial Advisor is required to claim your pension benefits.*

Prudential paid Mr D £350 in compensation for the distress and inconvenience it had caused him in respect of the first four points but explained that the fall in the CETV had resulted from a revaluation of the assets in the plan which it felt was necessary to treat all policyholders in the with-profits funds fairly. It also explained that the requirement for financial advice was a legal requirement that had to be met before the plan could be transferred, losing its guarantees.

Unhappy with the response from the Prudential, Mr D brought his complaint to this service and also informed Prudential that he felt that the upholding of four of his complaint points should provide grounds for it to allow his plan value to be reinstated to c£90,000.

Prudential responded to this complaint point on 24 October 2023, stating that;

We have explained that plan values are correct and as a result were unable to uphold this particular point. As a result no redress is due. Not only be inappropriate to do so, but it would ultimately be unfair on the other plan holders invested in the fund.

Our investigator reviewed all the evidence in this case and formed the view that the compensation it had offered Mr D was fair and reasonable in the circumstances of his complaint.

Mr D was unhappy with this view and so the complaint 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 have reached the same conclusion as our investigator and do not uphold this complaint.

I can appreciate that this will be disappointing to Mr D, so I will explain how I have reached my conclusions.

Firstly, I think it's important to consider that the policy Mr D held was designed to use his benefits on retirement to provide him with an annuity. This means that, as an older style policy, it was not designed to provide much flexibility in how these benefits were to be taken. To take advantage of the additional flexibility that was created by the Pension Schemes Act 2015, it is necessary to first transfer the benefits to a policy which allows a more flexible approach to taking benefits.

Mr D's pension was also invested on a with-profits basis, which effectively means that he did not have an individual 'pension pot' but was instead entitled to a share of the total value of the pooled investments owned collectively by all the members. These recalculations are required to ensure that any member does not receive an unfair level of assets upon transferring away from the scheme.

Mr D's complaint about the fall in value of his benefits was covered by the final decision issued by another ombudsman from this service. As an Ombudsman's decision is final, I won't be covering this aspect of Mr D's complaint here.

I'll now look at each of Mr D's other complaint points in turn.

Firstly, Mr D complained that he found it difficult to contact Prudential by telephone. In its response to his complaint, Prudential acknowledged that an increased volume of calls and the number of staff available had caused longer wait times. It has accepted that it provided Mr D with poor service in this respect and outlined the way it was aiming to address this issue for the benefit of all its customers.

Secondly, Mr D complained that he felt that he had been forced to use Prudential's online portal when he would have preferred other means of communication.

Prudential has apologised to Mr D for giving him this impression but explained that it didn't intend to force customers to use the online services. As our investigator also noted, I can see that Mr D made use of the portal on a number of occasions to ascertain the value of his benefits and to then contact Prudential to seek information about these valuations. I can see that Prudential has also upheld this part of Mr D's complaint and recognised that this contributed toward his overall distress and inconvenience.

I'll now look at the issue of the retirement options pack Prudential issued to Mr D in July 2023. Mr D had complained about the time taken for Prudential to produce this pack and send it to him and also the fact that he said it had arrived on 19 August 2023 after the 30 day guarantee period on the CETV had expired. I don't think it's fair and reasonable to hold Prudential responsible for delays outside its control, such as the postal service delay that had occurred here. I've noted that Prudential had offered to calculate whether Mr D had suffered a financial loss as a result of this delay if he were to proceed with a transfer within a further 30 days. I would consider that approach to be appropriate in the circumstances, given the other difficulties Mr D had experienced, so I can't see that Prudential did anything wrong in this respect.

Having said that, I'll now consider whether I think that the sum of £350 Prudential paid to Mr D in compensation for the distress and inconvenience its poor service had caused him. To do this, I've considered the issues Mr D had faced, the impact he has stated these had upon him and the guidance this service has published to ensure fairness and consistency in compensatory awards. Having done so, I'm satisfied that £350 is appropriate in the circumstances of this case.

Finally, I have considered Mr D's final complaint point that the service failings Prudential have apologised for means that it is appropriate for Prudential to reconsider the issue of revaluing his pension benefits at the original level of c£90,000. On balance, I can't see that any of the complaint points that Prudential has accepted, apologised and compensated Mr D for have any direct bearing on the CETV of his benefits. Consequently, I can't see that Prudential has done anything wrong by refusing Mr D's request.

In conclusion, and although I can appreciate that this will be disappointing news for Mr D, I do not uphold this complaint. I won't be asking Prudential to do any more than it has already offered to resolve this complaint.

My final decision

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

The Prudential Assurance Company Limited does not need to take any further action to resolve this complaint above the compensation it has already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 September 2024.

Bill Catchpole
Ombudsman