

## **The complaint**

Mr B has complained that The Prudential Assurance Company Limited didn't update his address records for one of his pension plans when it was contacted by his financial adviser in 2011. Mr B says that this meant he didn't transfer that pension plan and claims that he has suffered a financial loss as a result.

## **What happened**

Mr B held two pension plans with The Prudential Assurance Company Limited (Prudential), which I will refer to in this decision as pension plan 1 and pension plan 2. Mr B's complaint is in respect of pension plan 1.

Mr B set up pension plan 1 with Prudential in November 1980. The plan was made paid up in August 1984 and no payments have been made into the plan since then.

In 1984 Mr B changed his address. He then changed his address a further five times up until December 1999, he hasn't changed address since then.

In 2009 Prudential sent an annual statement to Mr B. This was sent to the address where Mr B was living when he set up his pension policy in 1980. Mr B had moved from this address in 1984. The annual statement was returned to Prudential by Royal Mail marked "gone away".

In January 2011 Mr B's financial adviser sent Prudential a letter of authority signed by Mr B. Mr B's financial adviser was enquiring about pension plan 2 and only quoted the policy number for that plan on the letter of authority. However, the letter of authority did quote Mr B's National Insurance number and said "*Please accept this letter as my authority to disclose such information as may be requested concerning all of my Prudential plans to (financial adviser).*"

Prudential only applied the letter of authority to Mr B's pension plan 2 and therefore didn't tell Mr B's financial adviser about his pension plan 1. In October 2011 Mr B transferred his pension plan 2 from Prudential to a different pension provider. In this decision I will refer to the pension provider that Mr B transferred his pension plan 2 to as "*Pension Provider A*".

In January 2021 Mr B responded to a customer tracing project that Prudential had undertaken and in June 2021 Prudential told Mr B that it had updated their records for pension plan 1 to show his current address.

Mr B complained to Prudential about it not having kept in contact with him about his pension plan 1. He also complained that Prudential hadn't updated its address records for pension plan 1 when the letter of authority had been sent in by his financial adviser in January 2011.

In response Prudential admitted that it had been at fault. Prudential said that if it had fully updated their address records in 2011 and recommenced correspondence with Mr B then he would have been aware that he still held pension plan 1 with them.

To compensate Mr B for their failure to fully update his address record in 2011 Prudential made a payment to Mr B of £200. Prudential also said that it would complete a loss calculation for Mr B. Prudential explained further to Mr B:

*“Furthermore, to determine whether additional compensation is due, we need to establish whether you have been financially disadvantaged. We will not be able to do this until you have taken your benefits - either by transferring to another arrangement or purchasing an annuity income policy. At that time, we will perform relative comparisons to establish whether you have incurred a financial loss, and, if you have, take the requisite actions to put you back in the position you would have been in.”*

Mr B didn't accept Prudential's response to his complaint. He believed that his loss was more than the £200 that Prudential had paid to him. Mr B said that if his financial adviser had been told about his pension plan 1 in 2011, then he could have transferred this pension plan 1 from Prudential to Pension Provider A at the same time that he transferred his pension plan 2. Mr B decided to bring his complaint to the Financial Ombudsman Service.

One of our Investigators reviewed Mr B's complaint. During the time that our Investigator was completing their review Prudential increased their offer of compensation to Mr B from £200 to £400.

Our Investigator's view was that Prudential's offer of £400 compensation, and to complete a loss calculation, was reasonable and therefore thought that Prudential didn't need to do take any other action to put things right for Mr B.

Mr B didn't agree with the Investigator's view. He was concerned that as Prudential had offered to only complete a loss assessment once he started to take pension benefits, he would be locked into his policy and therefore wouldn't be able to transfer his pension away from Prudential.

This service asked Prudential if redress could be calculated without having to wait for Mr B to take his pension benefits. Prudential responded to say that it could do this but would need information from Pension Provider A to complete its calculations.

Prudential obtained the information it said it needed from Pension Provider A and wrote to Mr B in October 2023 to say that having completed its redress calculations, it had established that Mr B's pension plan 1 was worth more than it would have been if he had transferred to Pension Provider A in 2011. Prudential therefore said that its calculations had identified that there was no loss to Mr B.

Mr B didn't accept Prudential's loss calculation. Mr B said that the calculation wasn't correct as whilst he had transferred his Prudential pension plan 2 to Pension Provider A in 2011, he'd subsequently transferred his Pension Provider A plan to another pension provider in 2019. In this decision I will refer to the pension provider that Mr B transferred his Pension Provider A plan to in 2019 as *“Pension Provider B”*.

Prudential said that to re-calculate its loss assessment for Mr B it would now need information from Pension Provider B as well as Pension Provider A. Prudential requested the information it said it needed from both Pension Provider A and Pension Provider B and then wrote to Mr B again in May 2024. Prudential said that it had recalculated its loss assessment to 13 January 2024 as this was the date that it had received the information it had requested

from Pension Provider B. Prudential said that these further calculations also showed that Mr B hadn't suffered any financial loss.

Prudential also said that Mr B was now in the process of taking his retirement benefits from pension plan 1. Mr B has told this service that he completed taking his pension benefits from his Prudential pension plan 1 on 20 June 2024. Mr B has said that he took all his retirement benefits from pension plan 1 as a lump sum, less tax, on that date.

Mr B has asked for his complaint to be considered by an Ombudsman.

### **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 has admitted that it was at fault in not updating its address records for Mr B's pension plan 1 in 2011, when they were contacted by Mr B's financial adviser.

Prudential had offered to complete a loss calculation and initially said that they will do this when Mr B either took his retirement benefits from the plan, or if he transferred his pension benefits to another pension provider.

Prudential subsequently said that it will complete a loss calculation without waiting for Mr B to either take his retirement benefits from pension plan 1 or for him to transfer his pension benefits to another pension provider. Prudential wrote to Mr B with its updated calculation in May 2024, having obtained information from Pension Provider A and Pension Provider B, to say that Mr B hadn't suffered any loss. But this calculation had been completed using data from January 2024, so I think that this meant that by the time that Prudential wrote to Mr B in May 2024, its calculation was by then out of date.

Mr B has now taken his retirement benefits from pension plan 1, so I think that Prudential will be able to complete a loss calculation to the date that Mr B took his retirement benefits from pension plan 1, and not to January 2024 as it has previously done. Prudential had also previously said that they would complete a loss calculation when Mr B had taken his retirement benefits.

Prudential has admitted that it was at fault in not updating its address records for Mr B's pension plan 1 in 2011 and has said that it will complete a calculation to identify if Mr B has suffered a loss. I agree that it would have been reasonable for Prudential to have updated their address records for Mr B's pension plan 1 when they were contacted by Mr B's financial adviser in 2011. I say this because the letter of authority sent to Prudential by Mr B's financial adviser quoted Mr B's National Insurance number and said that the authority applied to all plans held with Prudential by Mr B.

I am therefore upholding Mr B's complaint and will now set out the action I think Prudential need to take to put things right for Mr B.

### **Putting things right**

Mr B has now taken his retirement benefits from his Prudential pension plan 1. Prudential said that when Mr B took his pension benefits it would complete a loss calculation. I think that this offer is reasonable.

Prudential also said how they would complete the loss calculation for Mr B. They have said: *"We would aim to put the customer in the position he would have been, had he had the*

*opportunity to transfer or purchase an annuity when we were first contacted by his adviser.”* Prudential were first contacted by Mr B’s adviser in January 2011.

Prudential has therefore offered to put things right for Mr B and I think that Prudential’s offer to complete a loss calculation is fair and reasonable. I therefore think that as Mr B has now taken his retirement benefits from his Prudential pension plan 1, Prudential should complete its loss calculation as it said it would.

I therefore think that Prudential should:

- Calculate the value of Mr B’s pension plan 1 at the date that Mr B took his retirement benefits, that is 20 June 2024. I will call the date that Mr B took his Prudential pension plan 1 retirement benefits the “*end date*”. This is figure “X”.
- Calculate the notional value of Mr B’s pension plan 1 at the end date assuming that Mr B had transferred his Prudential pension plan 1 at the same time that he transferred his pension plan 2 from Prudential to Pension Provider A, and that he would then have invested his pension plan 1 transfer proceeds in the same way that he invested his pension plan 2 transfer proceeds with Pension Provider A. Prudential should then also assume that when Mr B transferred his Pension Provider A plan to Pension Provider B he would also have transferred benefits secured with Pension Provider A from the assumed transfer of pension plan 1 and that Mr B would have invested these proceeds with pension Provider B as he did the pension benefits that originated from his pension plan 2. This is figure “Y”. Prudential will need to obtain information from Pension Provider A and Pension Provider B to complete its calculations.
- The notional value (“Y”) should be compared with the actual value (“X”) of Mr B’s pension plan 1 as at the end date. If the actual value (“X”) is greater than the notional value (“Y”), no compensation is payable. If the notional value (“Y”) is greater than the actual value (“X”), there is a loss and compensation is payable.
- If, having completed the calculations, Prudential identifies a loss, interest should also be paid on this loss, calculated from the end date to the date of settlement at 8% simple.

Prudential should also provide Mr B with a copy of its calculations.

Mr B has already taken all his pension benefits from his Prudential pension plan 1. I therefore think it reasonable that if Prudential’s calculations, as set out above, identify a loss then it should pay that amount directly to Mr B. However, Mr B has told this service that tax was deducted from the retirement benefits he has already taken from his pension plan 1. Therefore, any compensation should be reduced to notionally allow for any income tax that would otherwise have been paid, had the payment instead come directly from his pension plan 1.

I’ve also considered Prudential’s increased offer of £400 to compensate Mr B for the inconvenience that he’s suffered. I think that this offer is reasonable in this case. Prudential say that they’ve already paid Mr B £400 in compensation for the inconvenience he’s suffered, so if it has paid this amount Prudential don’t need to take any further action. However, if Prudential hasn’t paid this amount of compensation to Mr B, it should now pay compensation to Mr B to bring the total compensation paid to £400.

**My final decision**

I uphold Mr B's complaint against The Prudential Assurance Company Limited, who should now put things right for Mr B as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 September 2024.

Ian Barton  
**Ombudsman**