

## The complaint

Mr M complains about The Prudential Assurance Company Limited (Prudential). He's unhappy with the service he received when taking benefits from his Self-Invested Personal Pension (SIPP).

## What happened

On 18 April 2024, Mr M submitted a request to Prudential to withdraw 25% Tax Free Cash (TFC) from his SIPP.

In line with Prudential's service standards, Mr M expected to receive his TFC payment within 10 working days. However, as it wasn't received until 29 May 2024 – 28 days after it should've been – Mr M complained.

Prudential sent its first response to Mr M's complaint on 31 May 2024, apologising for poor service and the impact of this. In recognition of what happened, Prudential sent Mr M a cheque for £250. Having considered the potential growth Mr M had missed out on due to the delayed TFC payment, and assuming 8% simple for the delay period, Prudential determined that he was also due just over £2,600. Arrangements were made for this to be paid into Mr M's SIPP.

Mr M responded on 12 June 2024, expressing disappointment with Prudential's compensation offer and saying it failed to acknowledge the distress it had caused. He explained that receiving his TFC payment late had delayed the completion of ongoing home renovations and caused significant distress and inconvenience. Because of this, Mr M said he required £9,000 compensation which he broke down as follows:

- £6,000 (24 days at £250 per day) for emotional distress he and his wife experienced.
- £2,000 (20 hours at £100 per hour) for time he'd spent discussing and chasing the matter with his financial adviser.
- £500 for the stress and embarrassment of having to borrow money from his brother to pay for building work due to the TFC not being paid on time.
- £500 for delays caused to other financial and personal projects.

Prudential issued a follow up response on 29 June 2024. It agreed more compensation was due and offered a further £250, bringing total compensation to £500. Having incorrectly assumed that Mr M was seeking compensation for the time his adviser had spent trying to resolve matters and the resulting fees, Prudential invited Mr M's adviser to submit a record of this, setting out what was being claimed for.

Mr M responded on 7 July 2024, clarifying that he was seeking compensation for time he'd spent dealing with his complaint and not his financial adviser. As he didn't think Prudential's revised compensation offer reflected the emotional impact of its errors and delays, he repeated his request for £9,000 compensation, saying the amount wasn't excessive considering the stress and frustration caused by its incompetence. Mr M added that his wife

had suffered a stroke prior to Prudential's delays, which he was sure had worsened her condition. Finally, he noted that Prudential hadn't made itself available to discuss his concerns despite him making several attempts to do so with it.

Prudential sent its final response to Mr M's complaint on 12 August 2024, confirming that its position on compensation remained the same. It explained that it hadn't been able to discuss matters relating to Mr M's policy directly with him as it was held in trust and the scheme rules only allowed it to do this with the Trustees or the agent of the policy. So, if Mr M had any questions, it said he could raise them with his financial adviser or the trustees directly. Finally, Prudential clarified that it didn't reimburse customers for their dealings with their own financial advisers. However, it said Mr M's adviser could bill Prudential – instead of Mr M – for any unnecessary work it had caused.

Unhappy with Prudential's response, Mr M referred his complaint to our Service. One of our investigators considered the matter and didn't think Prudential needed to do anything further. She thought it had appropriately compensated Mr M for any financial loss he'd suffered and noted that it was willing to contribute towards additional adviser costs Mr M may have incurred because of its delays. She also explained that our Service didn't make awards for people's time based on an hourly rate. Finally, she thought Prudential's compensation offer for distress and inconvenience was fair.

Mr M disagreed and asked that compensation be reconsidered bearing in mind the impact of what happened on himself and his family. In summary, he made the following points:

- £500 didn't reflect the severity of the distress its delays caused.
- Prudential's refusal to communicate with him directly added significantly to the stress of the situation.
- Although he understood that our Service didn't make awards for people's time based on an hourly rate, the time he'd spent trying to resolve matters should be reflected in the compensation.
- Prudential's delays meant he was forced to borrow £10,000 from his brother to cover planned building costs and this had been a significant burden to bear.

As no agreement could be reached, the matter was passed to me for 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'm afraid I won't be upholding Mr M's complaint. I know Mr M will be disappointed, but I'll explain why.

The "*What happened*" section above is a broad summary of what's occurred. That's due to our Service being an informal alternative to the Courts, and there not being any requirement or need for me to outline a detailed chronology of every step in what was clearly a delayed process.

Prudential accepts that it provided poor service and agrees that its delays caused Mr M distress and inconvenience. Mr M has also made detailed submissions to this effect, all of which I'm grateful for and have considered carefully. So, while I've taken note of all the arguments made by the parties in this case, I've limited my response to the issue I consider to be central to this complaint. That's to say:

- Whether, based on the service Mr M received when taking benefits from his SIPP, Prudential has fairly compensated him for the distress and inconvenience it caused.

Mr M appears to accept Prudential's compensation for financial loss on his delayed TFC payment. However, for completeness, I've considered what it's done. Prudential added 8% simple interest for the period Mr M didn't have his TFC when he should've. As Prudential has already done what I'd have directed it to do to rectify any financial loss caused by its delays, I won't be asking it to do anything further in this regard.

Overall, I have real sympathy for Mr M. It's clear to me that the smooth and timely payment of TFC from his SIPP was important. He intended to use the funds to pay for ongoing building work at his home. So, I can understand why he was so concerned and ultimately very disappointed with how long it took to receive his TFC.

Mr M had a reasonable expectation that as his SIPP provider Prudential would act in his best interests, doing all it could to ensure his claim was processed as soon as it could be. It's unfortunate that Prudential didn't manage to do so on this occasion.

Mr M says that when his TFC payment didn't arrive within the expected timescale and the delay was queried, Prudential said the payment was still being processed and that no indication of when it was likely to be completed could be given. As the delay continued, Mr M's adviser repeatedly chased Prudential questioning its whereabouts. At one point, I understand that Prudential said it was waiting for a calculation to be reviewed by an external party. And at another point, it explained that it needed its internal signatory requirements to be satisfied before the payment could be made.

It's unfortunate that Mr M's TFC wasn't paid when it should've been. Although Prudential seemingly provided reasons for this, I think it's failure to have regard for the information needs of its customer and proactively provide any updates about what was going on, meant that Mr M was put in a position where he was repeatedly having to chase it (directly and indirectly with the help of his adviser).

It may have been difficult to provide Mr M with an exact timescale for when the TFC would be paid, however, not providing updates or reassurances without being prompted to do so, worried Mr M further and understandably undermined his confidence in Prudential's process.

Mr M intended to use his TFC to pay builders for ongoing work on his home, so when the funds weren't received as expected, there were consequences. Apart from being seriously concerned about meeting this financial obligation, Mr M has explained that once it became clear that he wouldn't receive his TFC in time, he was left with no option but to borrow money from his brother.

Although Mr M was able to make a payment to his builder, he found this a profoundly embarrassing and frustrating position to be in. And I can appreciate why, particularly given the deliberate steps he took to ensure he had the money he needed on time.

I'm also aware that receiving the TFC late meant that other projects Mr M hoped to undertake were delayed. Apart from being disappointing, this has also caused Mr M some inconvenience which would otherwise have been avoided if Prudential had provided the service it says Mr M was entitled to expect.

Mr M has said that Prudential caused further upset when it wouldn't communicate with him directly about what was going on.

Although Mr M's adviser submitted his TFC request, chased Prudential about the delayed payment, and raised concerns about the service Prudential was providing, I can't see that any of this precluded Prudential from discussing Mr M's concerns with him directly. So, I can understand why, in the absence of any meaningful updates, Prudential's seeming reluctance to engage with him caused further distress.

Prudential suggests that Mr M's queries related to matters which, under the Scheme Rules, it was prevented from discussing with him. Because of this it said he needed to direct his questions to the Scheme Trustee or its agent.

This doesn't appear unreasonable given that Prudential's role appears limited to being Mr M's SIPP provider and responsible for the administration of the SIPP in line with the Scheme Rules. However, my understanding is that as well as being a beneficiary of the SIPP, Mr M, along with another party, is also a co-trustee. So, I can appreciate why Mr M doesn't understand why Prudential couldn't discuss certain things with him.

While there may have been a valid reason for why some information couldn't be discussed with Mr M – for example, because the co-trustee's permission was required to do so – Prudential could've been clearer about what it could discuss with him in his capacity as a beneficiary and what information he'd need to request from his co-trustee or adviser. Had it done so, I think Prudential would've avoided making Mr M more anxious about the situation and thinking that Prudential was wilfully withholding information about where his TFC was and when he'd receive it.

Mr M has mentioned that the TFC payment not being received on time put his wife under considerable stress. He's said the constant worry of not knowing if or when the money would be paid exacerbated his wife's condition following a recent stroke. I'm very sorry to hear of Mr M's wife's condition and her experience, but as our investigator explained, because Mrs M isn't an eligible complainant under our rules, I'm unable consider an award for any distress and inconvenience she may have suffered.

Taking account of all the facts in this case, including our guidelines for awards for distress and inconvenience, I think it's entirely appropriate that Mr M is compensated for the trouble and upset that Prudential caused. I have every sympathy for Mr M given the delays and communication frustrations he had with Prudential, and how these have distressed him. Mr M was genuinely concerned about where his funds were, so he was very worried.

I understand Mr M feels strongly that the compensation Prudential offered doesn't reflect the extent of the emotional and financial strain he experienced due its delays and poor service. However, the amounts our Service awards for distress and inconvenience are modest in monetary terms. And importantly, they are not designed to punish a business, but rather to try and put a monetary value on the distress and inconvenience a business' actions have caused. Guidelines setting out our approach to such awards can be found on our website.

I don't underestimate the time and energy it took Mr M to deal with this matter, but as our investigator explained, we don't generally award D&I for a consumer's 'time', or award based on a set calculation.

Taking into account the available evidence, including Mr M's testimony, I'm satisfied the amount Prudential has already paid, £500, represents a fair amount and is in line with what I'd have been asking it to pay in this case. It is in keeping with the level of awards our Service would usually recommend for an error which has caused considerable distress, upset, and worry as has been the case here. So, I won't be asking it to do anything further.

While I haven't found in Mr M's favour, in that I don't think Prudential should pay him the compensation he's seeking, I should say that I do think it's entirely reasonable for him to have expected Prudential to act with more care and provide better service in the circumstances. And it's unfortunate that this didn't happen.

### **My final decision**

My final decision is that I do not uphold Mr M's complaint. I don't require The Prudential Assurance Company Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 April 2025.

Chillel Bailey  
**Ombudsman**