DRN-5184738

The complaint

Mr B complains that The Prudential Assurance Company Limited (Prudential) caused avoidable delays to the transfer of his pensions from a provider I'll refer to as provider T. He also complains about the time taken to invest the funds once Prudential received them.

What happened

Mr B had two personal pension policies (ending 00009 and 00179) administered by a provider T under a single plan. After having consulted with an independent financial advisor (IFA), he asked for his pensions be transferred to a single Self-Invested Personal Pension (SIPP) with Prudential.

Provider T received three separate transfer requests for Mr B's policies through Origo on 6 June 2023. Two were in respect of policy 00009 and one was for 00179. The form for policy 00179 and one of the forms for policy 00009 contained the answer: "*No*" to the question "*Drawdown to Drawdown Transfer?*". But the other form for policy 00009 requested a transfer of approximately £310K and contained the answer: "*Yes*" to the question "*Drawdown to Drawdown Transfer?*". Provider T marked these as "out of scope" on 8 June 2023. It noted the following reason on Origo:

"*Plan has mixed holdings. Please submit one request only for this policy requesting both uncrystallised and crystallised funds on the same request*."

Prudential then contacted Mr B and his IFA about the Origo message. In the meantime, it submitted a new Origo request to provider T on 13 June 2023. This was again made as three separate requests – two for policy 00009 and one for 00179. But this time I understand all three of the requests contained the answer: "*Yes*" to the question "*Drawdown to Drawdown Transfer?*."

Mr B's IFA called Prudential on 14 June 2023 as he felt there weren't any Drawdown funds included in the transfer.

Provider T told this service that this request was submitted correctly. And that it was waiting for a review before Prudential cancelled the request on 22 June 2023. It said it did this as it'd discovered a data entry error with the request.

Mr B's IFA emailed provider T on 14 June 2023 about the mixed holdings. His email stated:

Will you please confirm the exact value of both uncrystallised and crystallised funds held within the above account. You already have an LOA on file I look forward to hearing from you.

I understand that the IFA was told it could take 15 working days for an answer. But as the IFA and Mr B were sure that policy 00179 was all uncrystallised, Prudential was asked to submit the request again.

On 22 June 2023, Prudential submitted the following note with the new transfer request:

"*As per the confirmation received from our financial advisor, "The funds are uncrystallised" so we request you to please proceed with the transfer*."

The request was again submitted in three parts. But contained the answer: "*No*" to the question "*Drawdown to Drawdown Transfer?*".

Provider T again marked the request as "out of scope" on 27 June 2023, citing the same reason as before on Origo.

On 29 June 2023, Prudential submitted a further transfer request, again contained the answer: "*No*" to the question "*Drawdown to Drawdown Transfer?*". It added the following note on Origo:

"*Please can you provide breakup for uncrystallised and crystallised funds so we can re-request or advice FA/PH accordingly"*.

Provider T added its own note to Origo on 30 June 2023 in reply. This said:

"*The request you submitted on 13/06 was awaiting review and was submitted correctly, however as you have cancelled that down and resubmitted again incorrectly we are unable to proceed until you submit another correct request*."

Provider T told Prudential on 30 June 2023 that Mr B had Tax-Free Cash (TFC) available which would be lost on transfer. It asked whether this should be paid to him.

Prudential made a further request on Origo on 3 July 2023. This was again for three separate policies. I understand that all three of the requests contained the answer: "*Yes*" to the question "*Drawdown to Drawdown Transfer?*". Prudential cancelled this request the same day as it said it discovered a data entry error with it.

Prudential said Mr B's IFA called it on 5 July 2023 to say he'd spoken to business T and it'd confirmed how the funds should be requested. The IFA had then sent an email to Prudential to confirm that the whole transfer amount should be dealt with under one request.

Prudential emailed provider T, copying Mr B's IFA, on 5 July 2023. It asked it to provide the split between crystallised and uncrystallised for policy 00179.

Provider T replied to Mr B's IFA's 14 June 2023 information request on 7 July 2023. It said the crystallisations splits were £316,898.80 (crystallised) and £674,020.83 (uncrystallised). Mr B's IFA forwarded this information to Prudential the same day.

Mr B's IFA emailed Prudential on 7 July 2023. He also called it the same day to confirm again how the funds should be requested. He said he'd spoken to provider T, and that Prudential needed to claim all funds using policy number 00179, with a note added to Origo that the application was to include policy 00009, quoting that number.

Prudential then made a further request through Origo on 11 July 2023 for 00179 with a note saying that the request also included 00009. Provider T added a note to Origo on 14 July 2023 to tell Prudential that once it received a separate request for 00009 the transfer of both policies would be actioned. This request was cancelled on 18 July 2023, with a note on Origo stating that this was due to a data entry error.

Prudential emailed Mr B's IFA on 17 July 2023. It told him that provider T had initially told it to submit the transfer as one request. But it said that the IFA had then told it in his 7 July 2023 email that it needed to request the transfer under 00179 as it held the larger value. It said it'd then sent a new request on Origo in line with that email. Prudential said it'd arranged to call provider T but it hadn't been able to connect with it. It asked the IFA to confirm how it should proceed with the transfer request. And to confirm whether policy 00179 had mixed holdings.

Mr B's IFA replied the same day. He couldn't understand why Prudential was again asking him how to proceed, saying he'd already told it what to do. He felt it was up to Prudential to resolve the issues it was experiencing with provider T, noting that it should've called provider T, as he'd previously suggested. He said he'd got through to provider T quite easily.

Mr B was unhappy with the time taken and the service provided during the transfer process. So he raised a complaint with Prudential on 17 July 2023.

Mr B's IFA emailed Prudential on 18 July 2023 to state the following:

As per [provider T's] Origo message can you please submit two requests as follows.

xxx-00009 £915,167

xxx-00179 £88,214

Please note on the transfer for xxx-00009 that it has mixed holdings.

Prudential emailed provider T again on 18 July 2023 to ask it to confirm the crystallised and uncrystallised amounts it should use for both policies.

Prudential made a further request through Origo on 18 July 2023. The request for 00179 contained the answer: "*No*" to the question "*Drawdown to Drawdown Transfer?*". Provider T added the following note onto Origo on 19 July 2023:

Plan has mixed holdings. The request you submitted on 13/06 was submitted correctly and we left that open awaiting a correct request for xxx00009. However you have now cancelled down the correct request for 00179 and submitted incorrectly. As we now have a correct transfer request for policy 00009, this will be processed when we received a new correct request for 00179.

Provider T said it received a correct request for 00009 on 18 July 2023.

Prudential then submitted a request for 00179 on 20 July 2023 which contained the answer: "*Yes*" to the question "*Drawdown to Drawdown Transfer?*". Provider T accepted that request the same day.

Provider T added a note to Origo on 1 August 2023. This said that the TFC would be lost on transfer. And asked how to proceed. Prudential replied the same day, after speaking to Mr B's IFA, to say that the TFC should be paid to Mr B and then all remaining funds transferred. I understand that the £5,250 TFC was paid to Mr B on 18 August 2023.

Prudential added a note onto Origo on 8 August 2023, asking provider T for an update on the transfer. It added a further note about this on 14 August 2023.

Provider T replied through Origo on 21 August 2023. It said that the transfer had been processed and payment would be made on 31 August 2023.

Provider T then transferred £86,817.29, which Prudential received on 31 August 2023. It also transferred £885,381.62, which Prudential received on 4 September 2023.

Prudential then invested these funds on 11 September 2023 and 15 September 2023 respectively.

Prudential made an income payment to Mr B on 18 September 2023. This amounted to £2,250, being based on three £750 income payments for June 2023, July 2023 and August 2023. It also made an income payment for September 2023 on 26 September 2023.

Mr B didn't want the backdated income payments, so they were returned.

Prudential issued its final response to the complaint on 3 October 2023. It acknowledged that there'd been aspects of its service which it didn't deal with correctly.

Prudential said it shouldn't have made the incorrect income payments. It also acknowledged that it should've invested the transferred funds within three working days of them arriving. Instead it'd taken seven and nine working days. Prudential said it'd requested a gain/loss calculation to be carried out to ensure Mr B didn't loss out because of this delay.

Prudential said it followed provider T's instruction on each of its 12 attempts to request the funds. It didn't think it'd caused any delays in requesting the funds.

Prudential apologised to Mr B's IFA because he felt he'd had to correct the issues faced. It said it could've called provider T to clarify how the funds should be requested.

Prudential explained why it'd sent Mr B the income payments he'd had to return. It said that it'd backdated the income payments to cover June, July and August 2023, and that it'd made those payments on 18 September 2023. It said it should've confirmed whether this was what Mr B wanted before it took these steps. It also apologised for sending a further incorrect income payment to Mr B on 26 September 2023, acknowledging the stress this must've caused him in respect of his tax position.

Prudential said that all of the incorrect income payments had been placed back into Mr B's policy. And that it would now contact HMRC to ensure that it knew Mr B had taken no income. It also said it would carry out a gain/loss calculation for the time the income payments hadn't been invested.

Prudential offered Mr B £400 compensation for the delayed investment of his funds and for its income payment errors.

Prudential then wrote to Mr B's IFA to tell him that it'd completed the loss calculation it'd said it would carry out. It said this showed that Mr B had lost £853.22 in investment return due to the delayed investment of his transferred funds.

Unhappy, Mr B brought his complaint to this service. He said he'd been told the transfer would take between three weeks and one month, but it'd taken nearly three months.

Mr B made the following complaint points:

- His transfer request had taken far too long.

- Notes on the policy seemed to suggest that Prudential had called for confirmation about how the transfer should be logged, but this wasn't done.

- Prudential had emailed his IFA on 17 July 2023 to ask him to confirm how to proceed. He didn't think it should've been up to him to rectify the situation.

- He felt that Prudential had made no effort to contact provider T to resolve the issues.

- Once the transfer had completed, the funds weren't invested within timeframe

- He was unhappy that backdated income had been paid to him in error, and that he'd then had to return funds to Prudential. He was also unhappy that a further income payment had been made to him after he'd returned the first set of income payments. He also had to return those funds.

Our investigator acknowledged that Prudential had accepted that the service provided wasn't always what should be expected. But she didn't think it'd taken sufficient steps to put things right. She felt that Prudential had caused avoidable delays to the transfer process. She felt the onus had been on it, as the receiving scheme, to accurately request the transfer. She said that Prudential had acknowledged that it could've called provider T for confirmation about how the funds should be requested. But still maintained that it submitted its requests in line with the instructions given. She didn't agree that it had done this, noting that the evidence showed that Prudential didn't always submit requests in line with those instructions. Our investigator said that this service now understood that because Mr B had mixed holdings at wrap level, each of the transfer requests had to match this. She felt that if Prudential had thought that its requests were being marked as out of scope erroneously by provider T, it should reasonably have contacted provider T by phone to avoid doubt.

Our investigator felt that if Prudential had called Provider T after its 22 June 2023 request had been rejected for the same reason as the 6 June 2023 request, as she considered it should've done, the transfer should've completed by 13 July 2023. She also felt that the transferred funds should've been invested five working days later on 18 July 2023. And said these were the dates Prudential should use for the loss assessment she wanted it to carry out. Our investigator acknowledged that Prudential had calculated that Mr B was £853.22 worse off due to the delayed investment of his transferred funds. She said that this amount could be deducted from the new loss assessment calculations.

Our investigator said that Prudential had incorrectly made income payments to Mr B effective from 6 June 2023 as they'd been scheduled to start then. She felt it should've confirmed with Mr B before making these payments whether or not he wanted them backdated. But she felt that the approach Prudential had already taken to put things right was reasonable, and in line with what this service would've recommended.

Our investigator acknowledged that Prudential had offered Mr B £400 compensation for the delayed investment of his funds and for its income payment errors. But she didn't think that this adequately addressed the full impact on Mr B. She therefore recommended that Prudential paid an additional £100 compensation for the distress and inconvenience caused, given she felt Prudential had delayed both the transfer process and the investment process.

Prudential felt that provider T had caused delays. It didn't think it was fair that our investigator had assumed for the purposes of the proposed loss calculation that it should've taken ten working days to complete the transfer, when provider T's service standard was for 15 working days. It felt provider T had caused delays accepting the transfer request. It said that provider T had identified the remaining TFC on 30 June 2023. And that although it'd chased provider T about the outstanding TFC on Origo on 8 and 14 August 2023, it hadn't replied until 22 August 2023.

Prudential said it'd requested the funds correctly on 7 July 2023. And that it'd the requested them in the same way on 11 July 2023, 17 July 2023, 18 July 2023, 20 July 2023 and 24 July 2024. It said that each of these five attempts were rejected by provider T until the sixth attempt on 24 July 2023. It felt this was a provider T issue outside of its control. It said it shouldn't be held responsible for the fact that provider T rejected correct requests on a number of occasions.

Prudential also felt that Mr B's IFA should take some responsibility for the delays caused. It felt he should've been aware of the remaining TFC from his fact find with Mr B. And therefore felt that this was further evidence that the information the IFA had provided was incorrect. It felt the initial application had been incorrectly completed by the IFA. And that he should've known how the funds were held under the SIPP wrapper with provider T.

Our investigator told Prudential that she didn't feel that its initial incorrect request was unreasonable, given it wasn't straightforward. She said that although Prudential had now told her that it'd completed the request based on the information provided by the IFA, which it thought was incorrect, she hadn't held Prudential accountable for that in any event. But she said that once the 22 June 2023 request had been marked out of scope for the same reason as the initial request, she'd concluded that Prudential had caused avoidable delays.

Our investigator said she'd used ten working days as the time it should've taken to transfer the funds once all the requirements had been met as this was this service's expectation for a cash transfer through Origo. She said she didn't think Mr B should be disadvantaged.

Prudential said it wasn't responsible for provider T taking 15 working days, rather than the usual ten, for the transfer. It still felt that the problem started because Mr B's IFA hadn't provided the correct information at the start. It also felt that it'd requested the funds correctly on numerous occasions but provider T kept rejecting those requests.

Our investigator didn't agree that the requests had complied with provider T's instructions. Nor did she agree that Prudential had submitted them the same way each time until they were eventually accepted. She also still felt that if Prudential had considered provider T was rejecting correct requests in error, it should've contacted provider T rather than continuing to submit the requests in the same way.

As agreement couldn't be reached, the complaint came to me for a review. I asked Prudential the following question:

Having listened to the phone calls between your call handlers and the IFA, I can see that he raised more than once that you should simply call provider T so that you knew how to correctly complete the Origo forms. One of your call handlers told the IFA this wasn't possible. Another told the IFA that he agreed with him. The complaint log shows that you had "tried to call the ceding scheme but we don't appear to have spoken to them".

Please can you confirm when you tried to call provider T. And why you didn't try to call it earlier?

Prudential replied to tell me that it had called provider T on three occasions as a result of two call back requests. It said the first call back request was made on 6 July 2023. It said it attempted the call back on 10 July 2023 but the call didn't connect. It said provider T had since confirmed that its phone lines had been down between 13:55 and 15:00 on that day. It said it then tried to call again on 11 July 2023 with a similar result, although provider T had confirmed there were no problems with its phones on that day.

Prudential said the second call back request was on 17 July 2023. It said this one was successful. It provided a copy of the notes from that call. These said:

One request per policy on each request it has to state the whole crystallization split. Crystallization split is done on the wrapper level.

And that the case handler for the transfer had then decided to email provider T the following day to clarify the position. It said it preferred emails because the information is written down and hence is less likely to be misconstrued or have details missed. And because it allows anyone in the back office team to pick up a work request. It felt that due to the complexity of what was being requested, and how it needed to be presented, a clear email was likely to be better than a call.

I issued my provisional decision on 25 November 2024. It said:

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 intend to uphold it. In her view, our investigator didn't think provider T shared responsibility with Prudential for the transfer delays, but I don't agree. I'll explain why.

As noted above, our investigator felt that the transfer should reasonably have completed by 13 July 2023. And that the funds should then have been invested by 18 July 2023. She therefore recommended that Prudential carry out a loss assessment using the dates above, noting that it would need to determine whether the amount transferred was more or less than what should've been transferred had the transfer taken place on 13 July 2023.

When the complaint came to me for a review, I asked both Prudential and provider T to provide me with further information.

Prudential told me that it tried to call provider T on three occasions, with the first attempt being on 6 July 2023. This was a calendar month since the initial incorrect transfer request.

I can see that Prudential's complaint notes recorded that it hadn't actually got through to provider T. They said: "As a result we keep requesting the transfer incorrectly". I'm satisfied that this shows that Prudential acknowledged that it had caused at least some of the avoidable delays to the transfer.

Provider T's responses acknowledged that the delay to processing the payment of the remaining TFC: "did cause a knock-on delay to the transfer being processed". It also explained that while it responded within its service standards to Mr B's IFA's 14 June 2023, it had since shortened them from 30 days to 10 days.

I've considered Prudential's point that it'd requested the funds correctly on 7 July 2023. But I've not been provided with any documentary evidence of it making an Origo request on that date. It also said it'd requested the funds in the same way on 11 July 2023, but the documentary evidence I've seen shows that Prudential itself cancelled this request on 18 July 2023 due to a data entry error. Prudential also said it correctly requested the funds on 17 July 2023, but again, I've not been provided with any documentary record of there being a request on 17 July 2023.

I can see that Prudential requested the funds on 18 July 2023 and 20 July 2023, but the evidence shows that these requests were accepted. I've not been provided with any documentary evidence of a further request from Prudential on 24 July 2024.

Therefore, while I acknowledge that Prudential has alleged that provider T rejected five correct requests, and that it was only on the sixth attempt, on 24 July 2023, that it accepted a transfer request, I can't reasonably agree that this was the case.

Who is responsible for the avoidable delays to the transfer?

Looking at everything holistically, I agree with our investigator, and for the same reasons, that the transfers should've completed on 13 July 2023 with the funds invested on 18 July 2023. However, I'm of the view that both Prudential and provider T share the responsibility for the avoidable delays. I say this because I consider that the delays broadly fall into three categories:

1. *Those caused by the fact that Prudential was having difficulty completing the Origo forms correctly.*
2. *Those caused by the outstanding TFC.*
3. *Other points in the process which I consider took longer than they should have.*

I think that both businesses share some responsibility for the delays in all three categories.

For 1., I consider:

- *Prudential could've tried to call provider T for clarification on how to complete the forms much sooner than it did. I agree with our investigator that it should've called provider T when it found out that its 27 June 2023 Origo request had been rejected.*
- *Provider T could've responded to Mr B's IFA's 14 June 2023 email asking it to specify the crystallised and uncrystallised split much sooner than it did. It only replied on 7 July 2023, 23 calendar days after receiving the request.*
- *Provider T said that Prudential's 13 June 2023 request was correct. But that it was waiting to be reviewed at the time that Prudential cancelled it on 22 June 2023. I note that Prudential disputes that this request was correct.*

  The evidence shows that provider T picked up the 22 June 2023 request on 27 June 2023, when it marked it as out of scope. I consider that this shows that if provider T had actioned the 13 June 2023 request in the same timeframe as it actioned the 22 June 2023 request, that request could've been actioned before Prudential had cancelled what it said was a correct request. There then wouldn't have been a delay to the transfer.

  I also note that provider T didn't tell Prudential that its 13 June 2023 request was correct until 30 June 2023. If it'd told it sooner, a new correct request could've been submitted sooner.
- *Provider T seems to have told Prudential on several occasions that it needed the transfer request to be made under one plan, only to confirm in the end that it needed a request to be submitted for each of the two policies. I consider that provider T could've been much clearer from the start about how the transfer should be requested.*
- *Having said that, it doesn't appear that Prudential always followed the instructions provider T gave it.*
- *Provider T could've generally been more helpful in trying to ensure the Origo form was completed correctly, rather than simply repeating the same message. And Prudential could've made more timely efforts to identify how to correctly complete the forms.*

For 2., I consider:

*   *Provider T could've made Prudential aware of the TFC much sooner than it did. It could've raised this point as early as 8 June 2023, but it didn't raise it until 30 June 2023.*

*   *Prudential could've responded to provider T's 30 June 2023 request about how to proceed with the outstanding TFC much sooner than it did. Although it replied the same day to provider T's 1 August 2023 chaser about this, it could've replied considerably earlier. I think this would've led to the TFC being paid much sooner, and the transfer could then have gone ahead much sooner.*

*   *Provider T could've paid Mr B his TFC much sooner than it did. It was told on 1 August 2023 that Mr B wanted to have his TFC paid to him. But it didn't pay it until 18 August 2023.*

For 3., I consider

*   *Provider T could've responded to Prudential's 8 August 2023 update request, which it said it chased on 14 August 2023, sooner than it did. I understand it didn't reply until 21 August 2023.*

*   *Provider T said on 21 August 2023 that the transfer had been processed. But it didn't make the payment until 31 August 2023. Our investigator asked provider T to provide its service level agreements for this process, but I can't see that it's provided them. In any event, I consider that ten calendar days is too long for this part of the process.*

*   *Prudential could've made fewer data entry errors in their transfer requests. The evidence appears to show that it cancelled three of the requests itself due to data entry errors. If these hadn't occurred, the transfer could've been processed much more quickly.*

Overall, I'm persuaded that both businesses have acknowledged that they are in part responsible for some of the avoidable delays caused. As such, and given the interaction of many of the delays I've identified each business caused, I consider that while I agree with our investigator on the date the transfer should've completed, I don't agree that Prudential should be held solely responsible for the impact of that delay. Given the knock-on impacts of each business's actions on the other business, I intend to recommend that Prudential and provider T equally share the loss identified from the loss calculation our investigator has already recommended Prudential should carry out.

I next considered whether Prudential's offer has put Mr B back to the position he should've been in in respect of the delayed investment of his transferred funds.

Is Prudential's offer fair in respect of the delayed investment of funds?

Prudential acknowledged that it should've invested the transferred funds within three working days of them arriving. Instead it'd taken seven and nine working days. It has completed a loss calculation which showed that Mr B had lost £853.22 in investment return due to the delayed investment of his transferred funds.

As this is in line with what this service would've otherwise recommended, I'm satisfied that this is fair and reasonable.

I also consider that Prudential has put Mr B back into the position he should've been in, but for its error in paying him unwanted income payments. I therefore don't intend to require Prudential to take any further steps to put these errors right.

I finally considered the distress and inconvenience caused.

Distress and inconvenience

Prudential offered Mr B £400 compensation for the delayed investment of his funds and for its income payment errors. But our investigator felt that it should pay him a further £100 compensation for the distress and inconvenience caused, given she felt Prudential had delayed both the transfer process and the investment process.

Having carefully considered the errors and the impact they had on Mr B, I agree with our investigator that £500 compensation for the distress and inconvenience caused is reasonable under the circumstances.

Overall, I intend to uphold the complaint. I intend to require Prudential to take the following actions:

- *Liaise with provider T to assess the financial loss Mr B has suffered due to the transfer delays. The loss calculation should be based on the position Mr B would be in at the date of any final decision if the transfer had completed on 13 July 2023 and the funds had then been invested on 18 July 2023. Any loss should then be split 50/50 between Prudential and provider T. And paid into Mr B's SIPP with Prudential if possible.*

- *Pay the £853.22 investment loss caused by the investment delay into Mr B's pension, if it hasn't already done so. This amount can be deducted from Prudential's share of the transfer delay loss assessment calculation.*

- *Pay Mr B £500 compensation for the distress and inconvenience caused.*

Response to my provisional decision

Mr B accepted my provisional decision.

Prudential accepted my provisional 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.

As I've not been provided with any new information, I remain of the view set out in my provisional decision.

Putting things right

What The Prudential Assurance Company Limited must do

To compensate Mr B fairly The Prudential Assurance Company Limited must:

- Work with provider T to establish what the funds transferred would've been worth if the transfer had completed on 13 July 2023. The Prudential Assurance Company Limited must then use that value to calculate what Mr B's pension would be worth at the date of my final decision if the transfers had taken place on 13 July 2023 and the funds then invested on 18 July 2023. This is the notional value.

- Any additional sum paid into Mr B's SIPP should be added to the notional value calculation from the point in time when it was actually paid in.

  Any withdrawal from SIPP should be deducted from the notional value calculation at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there is a large number of regular payments, to keep calculations simpler, I'll accept if The Prudential Assurance Company Limited total all those payments and deduct that figure at the end to determine the notional value instead of deducting periodically.

- Compare the notional value with the actual value to establish the loss caused by the delays.

- If there is a loss, the compensation amount should if possible be paid into Mr B's pension plan. Half of this compensation amount should be paid by The Prudential Assurance Company Limited, with the other half being paid by provider T. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

- If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr B as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

- If Mr B has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.

- Provide the details of the calculation to Mr B in a clear, simple format.

- Pay the £853.22 investment loss caused by the investment delay into Mr B's pension, if it hasn't already done so. This amount can be deducted from The Prudential Assurance Company Limited's share of the transfer delay loss assessment calculation, as long as the resulting loss calculated isn't negative.

- Pay Mr B a total of £500 compensation for the distress and inconvenience caused. The Prudential Assurance Company Limited can deduct any amount it has already paid Mr B in respect of the distress and inconvenience caused first.

If payment of compensation is not made within 28 days of The Prudential Assurance Company Limited receiving Mr B's acceptance of my final decision, interest must be added to the compensation at the rate of 8% per year simple from the date of my final decision to the date of payment.

Income tax may be payable on any interest paid. If The Prudential Assurance Company Limited deducts income tax from the interest, it should tell Mr B how much has been taken off. The Prudential Assurance Company Limited should give Mr B a tax deduction certificate in respect of interest if he asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

My final decision

For the reasons set out above, I uphold Mr B's complaint. The Prudential Assurance Company Limited must take the action detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or reject my decision before 31 December 2024.

Jo Occleshaw
Ombudsman