

The complaint

Mr A complains that The Prudential Assurance Company Limited ('Prudential') won't pay for an accountant to complete his tax return after they made an error that resulted in him receiving more income than he wanted in the tax year.

What happened

Mr A holds a personal pension plan with Prudential that he'd previously crystallised. On 29 March 2024, without receiving any request from Mr A, Prudential undertook a withdrawal from his pension plan and issued a payment of £2,044 to him and sent £92 to HMRC. Unclear why the payment had been sent to him, Mr A contacted Prudential who explained that they'd completed the withdrawal in error.

Mr A explained to Prudential that as he was self-employed and derived a minimal income from his activities, he was attempting to keep his earnings below the tax threshold of £12,500, that would require him to pay any income tax. Shortly afterwards, Mr A decided to formally complain to Prudential. In summary, he said that he was unhappy Prudential had sent him the payment that he'd not asked for, causing tax implications for him.

After reviewing Mr A's complaint, Prudential wrote to Mr A and apologised for sending the payment to him and stated that having checked their systems, they'd ensured no further payments would be issued. Prudential also explained that he could return the monies to them so that they could arrange for the funds to be recredited to his plan, rewinding the error and ensuring that he was no worse off financially for the mistake. Prudential also said that they would contact HMRC on his behalf and explain the error if Mr A chose to return the monies to them. However, if Mr A didn't want to return the funds, Prudential said that if he were to provide evidence showing the income tax impact of the payment, they'd be happy to cover that liability for him. Prudential explained that in light of the mistake, they were sending him £500 for the trouble caused.

After considering Prudential's response, Mr A asked them to cover the fees associated with employing an accountant to complete his tax return. Mr A said that he didn't feel he had the technical ability to undertake the return and as they'd caused the original error, it was only fair that they cover those costs. Prudential subsequently explained to Mr A that as the completion of the tax return was, in their opinion, only a simple matter, they weren't prepared to cover those costs. Mr A was unhappy with Prudential's response, so he referred his complaint to this service. In summary, he said that he didn't feel Prudential were being reasonable in refusing to cover the accountant's fees, particularly when the original error was their fault. Mr A went on to say that he didn't feel that he had the technical skills to be able to complete the return himself.

The complaint was then considered by one of our Investigators. He concluded that given Mr A already had to complete a tax return, he didn't think that Prudential should pay for any accountancy fees. Our Investigator felt that the overall approach Prudential had put forward to put things right for Mr A was fair and reasonable.

Mr A, however, disagreed with our Investigator's findings. In summary, he said it's true that Prudential suggested he return the monies, but their offer didn't come until the new tax year and that was exacerbated by the fact he was out of the country for some time thereafter. By the time that he'd received a satisfactory response from Prudential about returning the monies, he was at a point in the new tax year where he needed to withdraw further funds from his pension, so the simplest thing seemed to be to retain the monies that had been sent in error. Therefore, he'd been forced into having to retain the funds and as such, would mean he'd need to include details of them on a tax return which he didn't feel confident in completing.

Our Investigator was not persuaded to change his view as he didn't believe Mr A had presented any new arguments he'd not already considered or responded to. Unhappy with that outcome, Mr A then asked the Investigator to pass the case to an Ombudsman for a 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.

I have summarised this complaint in less detail than Mr A has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts. Instead, I will focus on what I find to be the key issue here, which is whether Prudential should pay the costs of an accountant to assist Mr A with his tax return.

My role is to consider the evidence presented by Mr A and Prudential in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm not upholding Mr A's complaint - I'll explain why below.

Using financial services won't always be hassle free and sometimes mistakes occur. But, when they do, we'd typically ask the business to put the consumer back into the same, or as close to the same position that they would've been in were it not for the mistake. And, from what I've seen, Prudential have already done that. It seems to me that Prudential have already conceded that the payment they sent to Mr A in late March 2024 was done so in error. They've also confirmed that they've ensured no future erroneous payments will be issued. And, they've also provided Mr A with the option of retaining the monies or if he wished, returning the funds so they could be recredited to his plan, but he rejected that latter offer. However, had Mr A accepted the option to return the monies to Prudential, he wouldn't now be in a position where he's having to add additional income to his tax return, something which he says he's going to struggle with.

I've listened very carefully to the telephone call that Mr A had with our Investigator on 18 November 2024, where he set out his complaint in detail. I think it's important to acknowledge that I very much gained a sense of how upset Mr A is with this issue. Mr A

has said that prior to becoming semi-retired some sixteen years ago, he employed an accountant to complete his self-assessment tax return. He went on to say that subsequently, he's since made the deliberate decision to simplify his affairs to an extent that he only has a small amount of "other income" which he tops up with his drawdown fund to a level that was below the tax-free threshold so that his tax return was simple enough that he could "just about complete it" himself and wouldn't need to pay any tax. But, by his own admission, Mr A has stated that he already completes the income fields within the tax return, so given he's taken £11,000 in drawdown monies within the same tax year as the erroneous £2,044 payment, I'm not persuaded that adding a further amount of income on the form (to the £11,000 that he'd already needed to declare) would warrant the need to engage an accountant. To be clear, I'm not doubting Mr A's contention that he finds completing the tax return challenging; many consumers do. But, had Mr A accepted Prudential's offer to rewind the transaction, he would not have needed to use an accountant. So for these reasons, I'm not going to ask for Prudential to pay for Mr A's accountancy fees.

Even though Mr A has only complained about the specific point of Prudential's refusal to pay for an accountant, for completeness, I will comment on their overall approach to his wider complaint to them because it is all linked. Prudential have already agreed to pay any income tax as a result of the incorrect payment – I think that their offer is fair. In addition, Prudential have also explained that they've sent Mr A £500 for the trouble and inconvenience caused, and again, I think that amount is reasonable in all of the circumstances.

I will also comment on the second and third complaint points that Mr A raised with our Investigator that he wanted this service to look into and is something he says he feels strongly about. Mr A explained that he'd received a letter from a director at Prudential in May 2024 who he believed had left their business several months prior. Mr A felt that Prudential were misleading their customers by allowing such letters to be issued knowing full well that she no longer worked there. However, as our Investigator has already explained to Mr A, this service is not here to regulate or oversee firms, that's the job of the Financial Conduct Authority. Our role is limited to resolving complaints between businesses and consumers, quickly and informally so something such as who signed a particular letter is an operational decision for Prudential and not one that we would typically comment on in these circumstances. Allied to this, Mr A also said that if Prudential were capable of "dipping into his pot", he was concerned about how many other people's pensions they were also "dipping into". Mr A said that he wanted this service to look into this. However, as I've already explained, we only look at individual complaints between a consumer and a firm so investigating a businesses' wider actions on a particular issue just isn't an undertaking that we would enter into. That's the role of the regulator, the Financial Conduct Authority.

My final decision

I'm not upholding Mr A's complaint and as such, I won't be instructing The Prudential Assurance Company Limited to take any further action on this specific issue.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 May 2025.

Simon Fox
Ombudsman