

The complaint

Mr T has complained about the delays in Prudential Pensions Limited transferring his pension funds, along with the lack of an explanation as to how the cash sum was calculated.

What happened

The investigator who considered this matter set out the background and his findings to the complaint in his assessment of the case. I'm broadly setting out the same background and findings below, with some amendments for the purposes of this decision.

- Prudential had accepted responsibility for delaying Mr T's transfer. It had identified that the earliest date on which it could have completed the transfer was 19 May 2023. Considering the transfer request was received on 12 May 2023, the investigator thought that five working days was a reasonable timescale and in line with industry expectations.
- In reality, the transfer completed on 9 November 2023. This meant that Prudential was responsible for a delay of approximately six months. It had carried out a loss calculation based on the position Mr T would've been in if the transfer had completed on 19 May 2023. Prudential found that Mr T had been disadvantaged by £2,151.20 (including interest) due to the delays as a result of lost income.
- However, Mr T had said that Prudential didn't use the transfer value from 19 May 2023 in the calculation, but the one from 9 November 2023.
- The investigator agreed that the transfer value of £91,995.72 used in Prudential's loss calculation was from 9 November 2023 – not 19 May 2023. This appeared to have been a mistake which Prudential had since acknowledged. This wouldn't therefore put Mr T precisely back into the position he would've been in had the transfer completed on 19 May 2023. But Prudential had explained that the transfer value on 19 May 2023 was £89,264.22, which was lower than the transfer value used in the calculation. So, as the higher amount would be more beneficial to Mr T, it hadn't carried out a new calculation using the correct transfer value. And so, whilst the calculation was slightly different to what this service would generally recommend, the investigator agreed that it placed Mr T in a better position - so it was fair in the circumstances.
- Mr T's had pointed to the transfer value being higher prior to 9 November 2023 (and indeed 19 May 2023). Mr T had said it was £100,905.80. But the investigator was satisfied that the date Prudential had used for the notional transfer was correct and that the amounts quoted for those respective dates had also been correct.
- In terms of the reason for the fall in transfer value, Prudential had explained that, due to the policy type, the transfer value wasn't "fund based". It instead converted the pension benefits (the annuity to which Mr T was entitled) into a lump sum. As it would have cost Prudential less to provide the benefits guaranteed by the policy at the later dates of both May and November 2023 than earlier in the same year, the transfer

value decreased. The investigator considered this to be a reasonable explanation and there was no suggestion that Prudential had done anything wrong here.

- Prudential had also paid Mr T a total of £550 compensation for the distress and inconvenience it had caused him through its delays. This service's published guidance said that an award of this amount might be fair "where the impact of a business's mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months." The investigator was satisfied that this amount was in line with its approach, so the investigator didn't think that Prudential needed to do anything more here.
- Mr T had also said that he was given incorrect information from Prudential regarding the transfer process. He was told he didn't need to do anything. But then in February 2023, when he requested the transfer, he learned that he needed to obtain financial advice due to the nature of his "safeguarded" benefits. This delayed him starting the transfer process and his transfer value fell in the meantime. However, the investigator couldn't see that Prudential had been given the opportunity to consider this complaint point yet. If Mr T wished to pursue this issue, he would need to raise this as another complaint with Prudential in the first instance.

In conclusion, the investigator acknowledged that Prudential had delayed the transfer here. But he was satisfied that it had identified this delay and offered to put things right in a way that was in line with our expectations. He thought that the financial loss calculation put Mr T into a position that was in fact more beneficial than if the transfer had completed on 19 May 2023. And he considered that the compensation offered for distress and inconvenience was also fair and reasonable.

A new investigator was then assigned to the case, and sent Mr T a screenshot of evidence of the transfer value as at 19 May 2023. She said that, in a conversation with Mr T, the previous investigator had noted that, if evidence for the transfer value from 19 May 2023 could be provided, Mr T had said that he would be happy for the complaint to be resolved.

However, Mr T said in response that he needed more information on the figures provided, including clarification on the abbreviations used in the screenshot.

The investigator duly conveyed this request to Prudential, which then produced a letter for the investigator to provide to Mr T, in which it set out a further explanation as to how the transfer value was calculated.

However, Mr T re-requested clarification on the abbreviations used in the screenshot, along with an explanation as to what factors produced the variance in the transfer values between 23 February 2023 and 19 May 2023.

Prudential then confirmed that an additional factor had influenced the cash values which would be attributed to a guaranteed annuity – that of interest rates which would underly the annuity quotations.

Mr T acknowledged Prudential's response, saying that most of the factors quoted by Prudential as affecting the transfer value would have been consistent over the short period of time in question. But he also noted what Prudential had said about the interest rates, which he said provided some answers to the questions he'd been asking for over a year.

However, he also said that he was informed that the type of policy he had wouldn't increase in value after it had dropped, which didn't seem to be the case if interest rates were an underlying factor.

Mr T also said that his dealings with Prudential had been filled with misleading advice and information, not least of which was not being informed at the outset that he would need to obtain financial advice before he could transfer his pension funds.

The investigator noted Mr T's comments, but reiterated that, before this service could consider the additional complaint points relating to the quality of the information provided to him by Prudential, Prudential would firstly need to be afforded the opportunity to respond to those points.

As agreement couldn't be reached on the matter, it's been referred to me for review.

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.

And having done so, I've reached broadly the same conclusions as the investigators, and for similar reasons.

It doesn't seem to be disputed that Prudential caused delays here, nor that the transfer figure provided by Prudential for November 2023 was higher than that which would have been applicable in May 2023. I note that Mr T has previously enquired further about the reasons for a change in the value of the policy between February 2023 and May 2023, and has most recently said that most of the factors set out by Prudential which it said would affect the cash value of the policy would be consistent over the short period of time being discussed here.

But Mr T has also acknowledged what Prudential has said about interest rates affecting the quotations provided. And I think that Prudential has reasonably now done enough to answer the questions posed by Mr T about the change in the quoted cash value during the relevant period.

Mr T has raised further issues about what he was told by Prudential when the cash value first dropped, and that he was told that it wasn't the type of policy which could increase in value. And I note Mr T has maintained that his dealings with Prudential have been filled with bad advice and wrong information, not least of which is his complaint that he wasn't informed that he would need to seek financial advice before he could access his safeguarded benefits. Mr T has said that this caused him financial loss.

But as set out by the investigator, these aren't complaints which have yet been considered and addressed by Prudential. It has instead focussed on the complaint submitted to it, and to this service, regarding the delays incurred through the transfer process and the lack of an explanation as to the cash sum provided.

The investigator has explained that, in order for this service to consider these further matters, Prudential needs to have been given the opportunity to respond to them first. And so the investigator has asked Mr T to provide the details of the calls in which he said he was given incorrect information, along with Prudential's response to those points.

I don't think there's much I can meaningfully add to this, other than to endorse the investigator's position that Prudential would first need to be given the opportunity to respond

to the further matters about which Mr T has complained.

As regards my consideration of this particular complaint, for the reasons set out above, I'm satisfied that Prudential has provided adequate information to explain the way it calculates cash values on these types of policy and has also provided sufficient information relating to the reasons for the changes in value over time.

I also agree with the investigator that the amount awarded to Mr T in respect of the distress and inconvenience caused to him is appropriate, given the circumstances.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 10 March 2025.

Philip Miller
Ombudsman