

The complaint

Mr S complains that The Prudential Assurance Company (Prudential) overstated the value of his Personal Pension Plans causing problems and then provided unclear and inconsistent explanations. He says the compensation paid by Prudential for the inconvenience is inadequate in the circumstances

What happened

Mr S has two plans with Prudential, invested in the With Profits Fund from which he draws income. It sent him a letter in December 2023 saying it had made an error in calculating his plan's value. It said the previous value confirmed of £255,882.19 wasn't correct and the plans were only worth £227,111.20, a reduction of £28,770.99. Prudential paid Mr S £100 for the inconvenience caused. It said the error was due to a miscalculation on income paid during 2022 but didn't provide any details. It said it was in the process of correcting the error. Mr S said he and his IFA were shocked by this. In January 2024 Prudential wrote again but said the difference in value was £11,925 without explaining the difference. It provided a table with some information which Mr S didn't think was clear. His IFA requested a full breakdown of the plan including historical fund values so the details could be checked.

Prudential logged a complaint and issued a final response on 1 March 2024 and paid a further £150 in compensation. It said it had rectified the error, but it didn't provide the details requested by the IFA or explain the difference in figures given in December 2023 and January 2024. The IFA requested the information again. Prudential wrote to Mr S and the IFA on 29 May 2024, but this letter was just a duplicate of the one sent in January 2024. Prudential issued a second final response letter apologizing for the poor service and paid a further £150 in compensation for this.

Mr S referred his complaint to our service. He said he was concerned he might have made incorrect financial decisions due to the errors made. Our investigator looked into it, and she said the complaint should be upheld.

Our investigator asked Prudential to explain what had happened in layman's terms. But said it hadn't done so, only providing further conflicting details, despite it now being nine months since it first wrote to Mr S. She said Prudential had provided valuation details from August 2022 to August 2024, but also said that problems with income payments dated back to June 2021, so information from then was needed. She said despite requests Prudential had provided little further explanation. And hadn't explained the difference in the two reduction figures quoted and which, if either, was correct. As neither appeared to match the other information Prudential had provided. Our investigator said it appeared that in correcting the initial errors further problems occurred with income payments made between July 2022 and February 2023. Where Mr S had received £9,600 less income than was deducted from his plan. And Prudential had now referred to possible further errors between March and May 2022 not previously mentioned.

Our investigator said because of the lack of evidence and clarification provided by Prudential there was no certainty about what had happened. She said Mr S's attempts to clarify things had been met with conflicting and unclear responses and the initial letter had disrupted a

holiday. But she said the £400 total compensation offered by Prudential was fair in the circumstances of the complaint. She said Prudential should provide a full and clear explanation to Mr S with adequate supporting information and show what corrections were carried out when to demonstrate he hadn't been financially disadvantaged.

Mr S didn't accept our investigators view of the complaint. He said the compensation of £400 for the distress and inconvenience wasn't adequate. He said Prudential had previously paid income payments around a week late and had paid between £250 and £500 compensation, but this was the loss of around £11,000 over an eighteen-month period.

Prudential apologised for the delays. It said it was still working on Mr S's policy, but another problem had been encountered in correcting the further £9,600 error, which had been raised with IT. It said it would provide a full explanation once this issue had been resolved, but it would put Mr S back into the position he should have been in. It said income payments from one of the policies back to June 2021 had been reversed and reapplied in March 2022. IT department couldn't confirm what had caused this. It said the problem between February and May 2022 was caused by an error in Final Bonus calculations which resulted in this being added multiple times to the policy. It said the error with the calculation system was corrected in May 2022, but it wasn't aware of the impact on Mr S's plans until later. It said it had reversed and reapplied the income payments correctly reducing the number of units in the plans. Prudential said it wasn't aware it had sent a letter in December 2023 saying the error was £28,770.99, as its records showed the initial problem identified was "around £12k".

As Mr S doesn't agree it has come to me to decide.

My provisional decision

I issued my provision decision on;19 March 2025 I explained the reasons why I was planning to uphold the complaint. I said:

I've considered all the available evidence and arguments to decide (provisionally) what's fair and reasonable in the circumstances of this complaint. Having done so, I'm planning to uphold the complaint.

I've decided to issue this provisional decision because despite several requests Prudential still hasn't provided information that confirms it has fully corrected multiple errors in respect of Mr S's plans. I'll set out below what I think it needs to do to fairly show that the plan values now available to Mr S and his adviser are correct. And, as I think Mr S has been caused ongoing inconvenience and uncertainty, it's fair that Prudential should pay further compensation in respect of this.

In September 2024 Prudential told our investigator that its initial attempts to correct errors in January 2024 caused a further error, deducting more from the plans than Mr S actually took in income. In October 2024 it told our investigator it was still working on correcting the problem and had no record of telling Mr S the error was over £28,000. So, I asked Prudential for an update on its progress in providing an explanation and how it had made the adjustments to the plans. And sent it a copy of the December 2023 letter referring to a £28,770.00 error, which it had sent to our service in August 2024, in response to our investigators request for a layman's explanation of the issue.

After some delay Prudential said it had now fully corrected Mr S's policies, with the £9,600 incorrectly deducted now reapplied. It wrote to Mr S on 22 January 2025 confirming that the corrections had been made in October 2024. It provided me with nearly 200 pages of transaction statements which it said confirmed this. I still didn't think this provided a clear explanation that the issue was resolved. The information was hard to follow with multiple

debits and recredits applied on the same day over several months which didn't obviously reflect the actual amounts being paid to Mr S as income. And there was no valuation information about how this impacted the fund values or whether the corrections were correct.

I asked Prudential about this. And I said I didn't think it was treating Mr S fairly in saying it was still working on the problem when it had already made further corrections and then taken nearly three months to advise either Mr S or our service of that. So, I asked Prudential if it could provide a clear explanation and show all problems were resolved given it was now more than a year since it had first told Mr S there was an error.

Prudential wrote to Mr S on 20 February 2025 providing a table showing the actual income before and after tax paid from his plan each month from July 2022 to January 2025. This condenses the overall movement in units shown on the earlier statements to make things easier to follow. I've cross referenced a sample of those summarised figures against the previous schedules provided by Prudential and the value of the units involved corresponds to the gross income payable. That suggests that the corrections have been made.

Separately Prudential said because of the complexity of how the With Profit fund worked, unlike other funds, the value of units deducted wouldn't directly match the gross income taken due to the application of Final Bonus. Which needed to be added to give the total gross income required. It gave the following example. Income amount wanted is £10, requiring £7 worth of the With Profits units to be deducted to which a Final Bonus of £3 would then be added to give the total of £10. It said the back calculations around this element weren't displayed in its system.

Whilst confusing this isn't unreasonable given the way With Profit funds work in seeking to smooth out investment returns by holding back some investment profit that might be paid in future as a Final Bonus. This means the actual policy value is only known when calculated. This might not be as clear as Mr S would want in the circumstances, particularly as it was errors in applying Final Bonus that caused the issue initially. But the operation of With Profit funds are closely monitored by the financial regulator, and I think it is more likely than not that the revisions made have corrected the plan values.

However, I think the real issue for Mr S is the value of his policy relative to the actual gross income he has received. And meaningless in isolation transaction schedules with multiple debits and recredits, running to hundreds of pages don't show him that. And the valuation information originally requested by his IFA back in January 2024 has either not been provided or is inaccurate because of the further errors made in correcting the original issues. So, I still don't think his complaint has been fairly resolved at this stage.

Putting things right

I said I thought it was fair that Prudential should promptly provide a simple schedule of updated monthly valuations from before there were any (known) errors to date. This should also show the gross and net income actually paid for each month. I think this schedule should open on 22 November 2020, when according to the statement dated 22 November 2021, the total value of the plans was £271,322.27. Any inconsistencies or fluctuations due to Market Value Reduction, changes in Final Bonus or other factors should be explained. The schedule should show the unit holdings and fund prices on the date of the valuation. This information should allow Mr S and his IFA to see the progress of the investment relative to the cumulative income drawn, addressing some of the points raised by the IFA in January 2024.

And I think Mr S has been inconvenienced by the further errors incurred in Prudential trying to correct the original problems, which have persisted over many months. So, I think it's fair it should pay a further £150 compensation in respect of this.

I asked both parties to send me any further information or comments they would like me to consider.

Response to provisional decision

Mr S didn't respond to my provisional decision.

Prudential said it accepted my provisional decision and would generate the schedule of values and units I'd proposed and pay Mr S the further compensation for distress and inconvenience.

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've decided to uphold the complaint.

I don't think Prudential has treated Mr S fairly. It does appear to have made a series of errors in calculating the value of his pension plans, and whilst mistakes can happen it has provided unclear and inadequate explanations and caused a large amount of inconvenience over an extended period of time.

I think Prudential should clearly explain the valuations covering the entire period in a simple format, to give Mr S some comfort that the position is now what it says it is. It should also pay him further compensation for the distress and inconvenience he's been caused.

Putting things right

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As Mr S has been inconvenienced by the further errors incurred in Prudential trying to correct the original problems, which have persisted over many months, I think it is fair that Prudential should him pay a further £150 compensation in respect of this.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint against The Prudential Assurance Company.

I direct The Prudential Assurance Company to provide the information set out above in a simple format for Mr S.

I further direct The Prudential Assurance Company to pay Mr S an additional £150 in compensation for the distress and inconvenience he's been caused if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 May 2025.

Nigel Bracken
Ombudsman