DRN-5563470

The complaint

Mr R has complained that The Prudential Assurance Company Limited incorrectly calculated the loss he incurred due to a delay in completing the transfer of his personal pension plan.

What happened

The background to this complaint was set out in my provisional decision which I issued last month. In my provisional decision I said:

What happened

Mr C held a personal pension plan with The Prudential Assurance Company Limited (Prudential). In May 2023 Mr R gave an instruction for his Prudential personal pension to be transferred to a different pension plan provider. In this decision I will refer to the pension plan provider that Mr R wanted to transfer his Prudential pension to as Firm A.

Prudential didn't complete the transfer of Mr R's pension to Firm A until December 2023. Mr R complained to Prudential about the delay in completing his pension transfer and on 16 December 2023 Prudential wrote back to Mr R in response to his complaint.

In its response Prudential said that Mr R's pension transfer should have completed on 24 May 2023, but due to its delays the transfer wasn't completed until 20 December 2023. Prudential upheld Mr R's complaint and said that it would complete a loss calculation to determine how much it would compensate Mr R for any financial loss he'd suffered due to its delays. Prudential said that it would need to contact Firm A to obtain information it needed to complete its calculations. Prudential also said that it would pay Mr R £400 to compensate him for the distress and inconvenience he'd suffered due to the delay in completing his pension transfer.

On 29 December 2023 Firm A wrote to Mr R to say that it had been contacted by Prudential to ask for information to complete a loss calculation. Firm A had also completed its own loss calculation which showed that Mr R had suffered a financial loss of £6,050.92 because of Prudential's delays in completing his pension transfer.

Prudential subsequently completed its own loss calculation which showed that Mr R had suffered a financial loss of £5,094.76. Mr R has told this Service that he's received a cheque from Prudential for this sum, which he banked. However, Mr R complained to Prudential about the difference in the loss it had calculated and the loss calculated by Firm A. Mr R also *complained that Prudential's explanation of its calculated financial loss figure of £5,094.76 was "odd" and didn't explain why its calculations were lower than Firm A's calculations. Mr R also claimed that he should be compensated on an hourly rate for the time he'd spent on his complaint and that Prudential had waited for a dip in investment performance before it calculated his financial loss.*

Prudential responded to Mr R's further complaint on 23 February 2024 to give additional information to explain its loss calculation. Prudential said that it wouldn't compensate Mr R on an hourly rate for the time he'd spent on his complaint and said that it had already offered Mr R compensation of £400 for the distress and inconvenience he'd suffered. Prudential didn't uphold Mr R's claim that it had waited for a dip in investment performance to calculate his financial loss. However, Prudential also said that because of additional failures it had made during the processing of his complaint it would offer him further compensation of £100.

Mr R wasn't happy with Prudential's response to his complaint, so he brought this to the Financial Ombudsman Service. One of our Investigator's reviewed Mr R's complaint and their initial view was that Mr R's complaint should be upheld. Prudential responded to our Investigator's view and gave a further explanation on how it had calculated Mr R's financial loss. Our Investigator then issued two further views, neither of which upheld Mr R's complaint.

Mr R disagreed with these further views so asked for his complaint to be considered by an Ombudsman.

What I've provisionally 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 said above both Prudential and Firm A completed loss calculations which aimed to calculate what loss, if any, Mr R had suffered due to Prudential's delay in completing his pension transfer. Prudential calculated that Mr R had suffered a loss of £5,094.76, whilst Firm A calculated that Mr R had suffered a financial loss of £6,050.92.

As I also said above, Prudential calculated that if Mr R's transfer had completed on 24 May 2023, then the transfer value paid to Firm A would have been £35,254.76. However, the pension transfer wasn't completed until 20 December 2023, and the transfer value then paid by Prudential to Firm A was £36,220.

Both Prudential and Firm A have provided this Service with their respective spreadsheets used to calculate Mr R's financial loss. I've therefore considered the methodology used by both Prudential and Firm A in its calculations.

Mr R's transfer value was invested in three different funds with Firm A. I think that Prudential has first calculated how many units in each of these three funds Mr R would have purchased with a transfer value of £35,254.76 on 24 May 2023, using unit prices applying on that date.

I think that Prudential has then calculated how many units in each of the three funds Mr R purchased with the transfer value of £36,220 on 20 December 2023, using unit prices applying on that date. Prudential has then calculated the difference in the number of units purchased for each fund between 24 May 2023 and 20 December 2023.

I also think that this calculation shows that Mr R would've purchased more units in each fund had his pension transfer completed on 24 May 2023, and not 20 December 2023. Prudential has then calculated the value of these additional units, using the unit prices applying on 20

December 2023. I think that this calculation shows that Mr R suffered a loss of £5,094.76 due to its errors.

Firm A has also calculated the number of units in each of the three funds Mr R purchased with a transfer value of £36,220 on 20 December 2023, using unit prices applying on that date. The unit prices that Firm A has used in its calculation are the same unit prices that Prudential used in its calculation.

Firm A has then calculated the number of units Mr R would've purchased in each of the three funds had his pension transfer completed on 24 May 2023. Firm A has again used the same unit prices in completing this calculation as Prudential.

However, I think that in completing its calculation to show the number of units that Mr R would've purchased on 24 May 2023, it has used a transfer value of £36,220. But I think that this was the transfer value that was paid to Firm A on 20 December 2023 and not the transfer value that would've been paid if Mr R's transfer had completed on 24 May 2023, which was £35,254.76. I don't think that this can be right because had Mr R's transfer completed on 24 May 2023 the transfer value paid would've been £35,254.76 and not £36,220.

My conclusion is that the method that Firm A used to complete Mr R's loss calculation wasn't fair or reasonable, as Firm A used the same transfer value of £36,220 to calculate the number of units that Mr R would've bought on both 24 May 2023 and 20 December 2023. I therefore don't think it would be reasonable to use Firm A's calculation to determine the financial loss Mr R suffered because of Prudential's delays and as a result I am unable to uphold Mr R's complaint.

I've also considered Mr R's complaint that Prudential should pay him more compensation because of the time he's spent on his complaint. Prudential has offered Mr R compensation of £400 in respect of the inconvenience he suffered due to Prudential's errors in completing his pension transfer. Prudential also offered Mr R compensation of £100 because of additional failures it had made during the processing of his complaint.

I think that Prudential's error caused Mr R more than the levels of frustration and annoyance he might reasonably expect from day-to-day life, and the impact has been more than just minimal, so an apology won't be enough to remedy its mistake. I therefore think it's reasonable and fair that Prudential pays compensation to Mr R for the distress and inconvenience he's suffered.

I also think that it's fair to conclude that Prudential's error would likely have caused Mr R considerable distress, upset and worry which did need a lot of extra effort to sort out. However, taking all the above into account, and recognising the frustration and the worry that Prudential's actions caused him, my conclusion is that the level of compensation Prudential has already offered Mr R is fair and reasonable in this case.

My provisional decision

My provisional decision is that I don't uphold Mr R's complaint against The Prudential Assurance Company Limited.

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.

Both Mr R and The Prudential Assurance Company limited (Prudential) have responded to my provisional decision.

Prudential has said in its response that it has nothing to add to my decision. Mr R has commented on my provisional decision in his response. I will therefore now consider his comments.

Mr R has said that Prudential's letter of 16 December 2023 sent to Firm A set out details of the method and information needed for Firm A to calculate his financial loss. Mr R has said that as a result, Firm A didn't complete its own calculation, as I'd said in my provisional decision, but instead completed a calculation based on Prudential's instructions.

I've therefore considered Prudential's letter of 16 December 2023 to Firm A. In this letter Prudential said: "*Please provide details of the investment funds and unit prices actually purchased, as well as the prices which would have been used had the investment been made following receipt of the fund on 24 May 2023*".

My conclusion from this is that Prudential isn't asking Firm A to complete a loss calculation. Instead, I think it only asked Firm A to provide details of the funds and unit prices that had been purchased from the transfer value of £36,220 that Prudential had sent to Firm A in December 2023. Prudential also asked for Firm A to provide unit prices for the same funds assuming that units had been purchased on 24 May 2023.

Prudential also provided a table for Firm A to use to enter this information, which included an example of how unit prices should be entered. However, this table did include an example of a loss calculation. Therefore, whilst I don't think that Prudential asked Firm A to complete a loss calculation, I think it's reasonable to assume that the inclusion of a loss calculation in the example table that it sent to Firm A could have caused some confusion. I think it possible that this is what prompted Firm A to complete its own loss calculation, in addition to sending Prudential a spreadsheet containing the unit price information that Prudential had asked it for.

I've again studied the spreadsheet that Firm A sent to Prudential, which included the loss calculation Firm A completed. From this I can see that Firm A set out details of the three funds that Mr R's transfer value was invested in. I can also see that Firm A provided details of the unit prices applying for each of these three funds on 20 December 2023. Firm A has said that it's used this date to provide unit prices as this was the date when it was able to purchase units in each of the three funds for Mr R. Firm A has then also provided the unit prices applying for each of the three funds on 24 May 2023. I think that this was the information that Prudential had asked Firm A for.

However, as I've said above, Firm A then went on to complete its own loss calculation. As I'd set out in my provisional decision, I can see that in completing its calculation, Firm A used the transfer value of £36,220 that it had received from Prudential in December 2023 to calculate how many units Mr R purchased on 20 December 2023. Firm A then went on to calculate the number of additional units that a transfer value of £36,220 would have purchased on 24 May 2023, using unit prices applying on that date.

In its final response to Mr R's complaint, dated 26 March 2024, Prudential said that Firm A had used unit prices on 5 January 2024 when it calculated Mr R's loss of £6,050.92. But I don't think this was right as I've not seen any evidence to show that Firm A used unit prices applying on that date. Having examined Firm A's loss calculation I still think that Firm A used unit prices from 20 December 2023, and not 5 January 2024 when it completed its loss calculation.

As I'd said in my provisional decision, I don't think that Firm A's calculation is right. I'd said this because the transfer value that would have been paid by Prudential on 24 May 2023 was £35,254.76 and not the figure of £36,220 that Firm A used to calculate how many units would have been purchased in May 2023. I think that Firm A should have used the May transfer value of £35,254.76 to work out how many units Mr R would have been purchased in May 2023.

As I've said above, I think that Prudential asked Firm A for information only. I don't think that it asked Firm A to complete a loss calculation in the letter it sent to Firm A on 16 December 2023. I've also don't see any reference in this letter to Mr R's transfer value being £35,254.76 in May 2023. I therefore don't think that Firm A had all the information it would have needed to complete a correct loss calculation.

My conclusion is that the loss assessment completed by Firm A, which showed that Mr R had suffered a financial loss of £6,050.92, isn't right, as it was calculated using the wrong transfer value for May 2023. I therefore don't think that it would be fair or reasonable for Prudential to pay Mr R the amount of compensation calculated by Firm A.

I will now turn to the loss assessment calculation completed by Prudential and the comments that Mr R has made about this calculation in his response to my provisional decision.

As I'd said in my provisional decision, in its loss assessment Prudential calculated how many units Mr R would've purchased in his three selected funds on 24 May 2023 using a transfer value of £35,254.76. I think that in completing this calculation Prudential used the unit price data it had received from Firm A. I say this because both Prudential and Firm A used the same unit prices in their respective loss assessments.

I think that as Prudential used the transfer value that it would have sent to Firm A in May 2023, and unit prices applying on 24 May 2023, to calculate how many units Mr R would've purchased in his three chosen funds had his transfer completed on 24 May 2023, then this part of Prudential's calculation is correct.

Prudential then also calculated how many units Mr R purchased in his three selected funds on 20 December 2023 using the data it had received from Firm A. I say this because Prudential and Firm A have used the same unit prices for 20 December 2023 in their loss assessments. Firm A has said that it purchased units for Mr R on 20 December 2023 and Prudential has applied this date when it calculated the number of units Mr R bought in his three funds, which I think is reasonable.

Prudential then calculated the difference in the number of units that were purchased on 20 December 2023 and the number that would've been purchased had Mr R's transfer completed on 24 May 2023. I think that this calculation shows that if Mr R's transfer had been completed in May 2023, he would've been able to purchase more units in each of his three selected funds.

I think this was because even though the transfer value that would've been paid in May 2023 was lower than the transfer value that was paid in December 2023, the unit prices for all three funds applying in May 2023 were lower than those applying in December 2023. I think that these lower unit prices would've allowed Mr R to purchase additional units, even though the transfer value was lower.

In my provisional decision, I'd said that Prudential had then calculated the value of these additional units using unit prices for Mr R's three selected funds that applied on 20 December 2023. However, having re-examined Prudential's calculation spreadsheet, I think that whilst it did correctly calculate the number of additional units Mr R would've purchased had his transfer completed in May 2023, Prudential then said that it valued these additional units using unit prices applying at its "*date of calculation*" to determine how much compensation it would pay to Mr R. I don't think that Prudential stated what this date was on its spreadsheet though.

However, Prudential said it its final response letter of 26 March 2024 that it used prices applying on 19 January 2024 to complete its loss assessment calculation. Prudential went on to say that it used prices applying on 19 January 2024 as it couldn't make the compensation payment before that date.

In his response to my provisional decision Mr R has said that Prudential made up its own dates to determine what unit prices it would use to complete its loss calculation. I've therefore considered Mr R's claim.

In January 2024 Mr R told Prudential that he'd rather have compensation paid to him by cheque instead of being added to his pension plan. I think that Mr R was telling Prudential that he didn't want it to pay compensation into his pension plan to then purchase the additional units that he would've had if his pension transfer had completed in May 2023. Instead, I think that Mr R told Prudential that he'd prefer to receive a cheque for the value of these additional units.

I think that Prudential followed Mr R's request and sent him payment for the value of the additional units in compensation. However, I don't think that it would have been reasonable for Prudential to have calculated the value of these additional units by using an historic unit price which applied before it completed its calculation, as this would have meant that Prudential would've paid Mr R what his additional units had previously been worth, and not their value on the date that it completed its calculation.

Unit prices change daily. Prudential used the unit price applying on the day that it completed its loss calculation. I think that this meant that if unit prices had risen since Mr R's transfer had completed then Prudential's calculation would've allowed for this price rise. Likewise, if unit prices had fallen since Mr R had completed his pension transfer, then Prudential's calculation would've allowed for any such price fall. From the data provided by Prudential I can see that unit prices for two of Mr R's three selected funds fell between 20 December 2023 and 19 January 2024, whilst the unit price for the third fund increased between these dates.

I therefore think that Prudential's approach of using unit prices applying on the day it completed its loss calculation was fair and reasonable, as it calculated what was then the value of the additional units, which I think was Mr R's loss on that date. I've also not seen any evidence to show that Prudential picked a date to value Mr R's additional units so that it could pay Mr R a lower amount of compensation, as Mr R has claimed.

I therefore think that Prudential's calculation allowed for unit price movements between the date when Mr R would've purchased his additional units and the date when Prudential completed its loss calculation. My conclusion is that Prudential's loss assessment method was reasonable as it calculated the financial loss that Mr R had suffered at the date of calculation and then paid him that value in compensation. As I think that the loss assessment method used by Prudential was fair and reasonable I'm unable to uphold Mr R's complaint.

In his response to my provisional decision Mr R said that before our Investigators issued two views that didn't uphold his complaint, an earlier view had upheld his complaint. I'd said this in the background section of my provisional decision. Mr R disagreed with the two views that didn't uphold his complaint and because of this he'd asked for his complaint to be considered by an Ombudsman.

Mr R has gone on to say that I hadn't referred to the reasoning given in the first uphold view, or the two subsequent non-uphold views, in my provisional decision. Mr R has also said that none of the three previous views make any reference to the reasoning that I'd set out in my provisional decision for not upholding his complaint. However, I'd first of all issued a provisional decision in this case, so that both parties could then respond to my comments. I'm therefore grateful for the response that Mr R has provided.

I'd also set out in my provisional decision why I thought that the compensation that Prudential has paid to Mr R for the distress and inconvenience he suffered was fair and reasonable. My conclusion is that this is still the case, for the reasons that I'd set out in my provisional decision. I'm therefore not asking Prudential to do anything further in respect of Mr R's complaint.

My final decision

My final decision is that I don't uphold Mr R's complaint against The Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 17 June 2025.

Ian Barton
Ombudsman