

The complaint

Ms S complains that The Prudential Assurance Company Limited (“Prudential”) mishandled the death benefit under her late husband’s pension plan after she notified them of his passing. She says Prudential communicated poorly throughout the process, made unnecessary and excessive requests for information and caused prolonged delays before the death benefit was finally settled. She says the poor level of service provided by Prudential caused her significant distress and led to financial loss.

What happened

The background to this complaint was outlined in detail by our investigator in his assessment, which was shared with both Ms S and Prudential. I won’t repeat that in full here, but I will provide a summary:

- In November 2023, Ms S’s husband, Mr M, passed away. He held a flexi-access drawdown pension plan with Prudential.
- In early December 2023, Ms S notified Prudential of Mr M’s passing, initiating the death benefit claim process. Prudential sent Ms S information and set out its requirements to progress the death benefit claim. As part of this, Prudential asked Ms S to provide a Grant of Probate and information about potential beneficiaries.
- In early January 2024, Prudential clarified to Ms S that a Grant of Probate wasn’t needed in this case – it apologised for the error. Prudential explained to Ms S that it couldn’t provide details about the death benefit options or value at that stage until it received all necessary forms and information to confirm the potential beneficiaries. And that it only needed details about Mr M’s immediate family – not distant relatives, as she originally thought. Prudential confirmed to Ms S in January 2024 that the death benefit claim couldn’t be settled until it received a completed discharge form.
- Based on the available information, Prudential later determined that Ms S was the sole beneficiary entitled to receive the value of Mr M’s pension plan. As he was under 75 at the time of death, the benefits could be paid to Ms S tax-free as either a one-off lump sum or as an income stream using an annuity or flexi-access drawdown plan.
- Ms S’s financial adviser sent a Letter of Authority dated 27 March 2024 to Prudential. However, Prudential didn’t receive a request for information from the adviser at that time. According to Prudential’s records, the adviser didn’t request information until late April 2024. The adviser confirmed to Prudential that Ms S was seeking to transfer the value of Mr M’s pension plan to a new flexi-access drawdown plan.
- In late May 2024, after a delay, Prudential confirmed to the adviser that in order to progress the claim, it required the transfer discharge forms sent to Ms S in January 2024 to be completed and returned to it.
- In July 2024, Prudential received a completed ‘*Beneficiary Transfer Discharge Form*’,

which confirmed that Ms S wanted to transfer the value of Mr M's pension plan from Prudential to Transact on a 'drawdown to drawdown' basis. That discharge form was signed by Ms S on 5 July and Transact on 29 July 2024. Prudential also received a transfer request through the Origo system but this listed the receiving scheme as a personal pension plan, not a flexi-access drawdown plan – this instruction contradicted the signed discharge form, which indicated Ms S wanted a 'drawdown to drawdown' transfer. Because of this inconsistency, Prudential rejected the Origo transfer request until it could clarify the matter. This led to ongoing communication between the parties from 9 August to 26 September 2024. During this period, Prudential consistently explained to both the adviser and Transact that it could only transfer funds to a new flexi-access drawdown plan, not to a personal pension plan.

- On 27 September 2024, Transact confirmed to Prudential that the receiving scheme was a flexi-access drawdown plan. This was the confirmation Prudential required to be able to complete the transfer.
- On 7 October 2024, the transfer was completed. Prudential paid £172,615.51 to Transact and the funds were invested in a flexi-access drawdown plan for Ms S.

Ms S's complaint

Ms S complained to Prudential about its poor level of service including poor communication, unnecessary and excessive requests for information and prolonged delays before the death benefit was finally settled. She was unhappy about how long it took to complete the transfer from Prudential to Transact. She thought the transfer should have been completed sometime in May 2024, at the latest.

She was particularly unhappy with the steps Prudential took to identify the potential beneficiaries before providing information about Mr M's pension plan. She also raised concerns with Prudential about the possibility that the death benefit could be subject to around £70,000 in inheritance tax, following the UK government's announcement about including unused pension funds when calculating an estate's liability to IHT. She said that the prolonged delays by Prudential caused her unnecessary anxiety about this.

Prudential's position

In December 2024, Prudential issued its final response upholding Ms S's complaint, acknowledging that it had provided a poor level of service and caused avoidable delays. It apologised and stated that, had it processed the claim promptly, it would have made payment to Transact on 26 August 2024 for £171,877.72. Instead, the actual payment of £172,615.51 was made on 7 October 2024.

Prudential confirmed to Ms S that it would assess whether she had suffered a financial loss due to the delays it caused and pay any compensation due – to do this, it contacted Transact to request details of the investment funds and unit prices purchased, as well as the notional prices that would have applied had the investment been made on 26 August 2024. Additionally, it offered Ms S £300 in recognition of the poor service and the distress and inconvenience caused. It suggested that any concerns Ms S had about tax should be directed to HMRC.

Ms S didn't accept Prudential's response. She thought it was responsible for a longer delay than it had suggested and that the transfer could have been completed sooner than 26 August 2024. She confirmed that she had instructed Transact to ignore Prudential's request for investment fund and unit price information because it hadn't sought her permission to do this and considered it a breach of her privacy rights – she wanted the

correct transfer date to first be established before Transact was contacted. She also rejected the offer of £300 and believed she was entitled to significantly more due to her fear the transfer might never take place and the pension fund could be subject to IHT of around £70,000. She referred the matter to the Financial Ombudsman Service.

In March 2025, while this complaint was in the process of being considered by this service, Prudential issued a further letter to Ms S to explain that Transact had failed to respond to its previous information request to enable it to carry out a loss assessment. As a result, it decided to assess Ms S's financial loss on a different basis. This showed the loss was £764.78 and confirmed it would send her a cheque for this amount.

Ms S was unhappy that Prudential had contacted her before this service had considered the matter. So she complained about this to Prudential. It replied and apologised for causing further upset but explained it had contacted her again in March 2025 to let her know that it had calculated her financial loss using a different method because Transact had failed to respond to its information request. It offered Ms S a further £75 in recognition of the poor service and the distress and inconvenience caused.

Investigator's findings

After reviewing the case, one of our investigators concluded that Prudential didn't need to take any further action and that this complaint shouldn't be upheld. In summary, the investigator found that Prudential's process for settling the death benefit claim in this case wasn't unreasonably complex. He noted that Prudential relied on third parties during the claim process and couldn't be held responsible for any delays caused by those external parties. For the delay it was responsible for, the investigator considered Prudential's existing compensation offer of £764.78 to be fair and reasonable in the circumstances. Additionally, he found that Prudential's offers totalling £375 for the distress and inconvenience caused was appropriate.

Follow-up and escalation

Ms S didn't fully agree with our investigator's assessment, submitted further comments and requested that this complaint be referred to an ombudsman for review. It was allocated to me for review. After reading through the evidence, I asked Prudential to consider Ms S's latest comments provided to this service before I made my final decision.

In response, Prudential issued a further final response letter to Ms S on 7 August 2025. It provided additional clarification regarding the reasons for the delay in settling the death benefit. It confirmed that following a further review, it had identified an error in its original compensation calculation. It determined that but for its delay the transfer would have been made on 22 August and not 26 August 2024, as it originally found. After correcting the error and recalculating, it increased Ms S's assessed financial loss from £764.78 to £795.32 – an increase of £30.54. In recognition of the further distress and inconvenience caused, it also offered an additional payment of £100, on top of the £375 it had previously offered – bringing the total to £475.

Ms S remained dissatisfied with Prudential's position. She disagreed with its timeline of events upon which its compensation offer was based and that it had failed to provide a breakdown of its loss assessment calculation that showed her financial loss was £795.32. Since agreement couldn't be reached, this complaint has been referred back to me for a final 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've considered all relevant laws, regulations, regulatory rules, guidance, standards, and codes of practice, as well as what I believe represented good industry practice at the time. Where the evidence is unclear or conflicting, I've made my decision based on the balance of probabilities – that is, by weighing the available evidence and surrounding circumstances to determine what I believe is more likely to have happened.

I'd like to clarify that the purpose of this decision isn't to address every individual point raised. If I haven't commented on a specific issue, it's because I don't believe it has a material impact on the overall outcome of this complaint.

It's not in dispute that Prudential provided a poor level of service and caused avoidable delays. It's already acknowledged this, apologised and offered Ms S compensation for her financial loss and distress and inconvenience she experienced. So I've focused on the extent of the delays caused by Prudential and whether its existing compensation offer is fair and reasonable.

When a business acknowledges shortcomings in how it handled a situation, we consider what the consumer's position would have been had things been done correctly. The purpose of compensation is to put the consumer back in the position they would have been in if the mistake hadn't occurred. This includes assessing both financial loss and any distress or inconvenience caused. However, even when mistakes are made, compensation is only due if a financial loss has actually occurred. Our role is not to punish or fine businesses for errors.

I make the following observations based on the evidence I've seen:

- In January 2024, Prudential told Ms S that it couldn't settle the death benefit claim until it received the completed discharge form it sent to her at that time. Prudential provided the same information to her adviser in May 2024, albeit after a delay it accepted it caused.
- Prudential received the completed '*Beneficiary Transfer Discharge Form*' signed by Ms S on 5 July and by Transact on 29 July 2024. As previously mentioned, Prudential couldn't process the transfer until it had received this completed form.
- The Origo transfer request sent to Prudential in July 2024 incorrectly stated that the receiving scheme was a personal pension plan, rather than a flexi-access drawdown plan. Prudential rejected this request, as it contradicted the signed discharge form, which showed Ms S wanted a 'drawdown to drawdown' transfer.
- It was important for Prudential to clarify the type of receiving scheme because the transfer involved 'crystallised' funds, meaning no further tax-free cash was available. If Prudential had simply followed the Origo instruction and transferred the value of Mr M's flexi-access drawdown plan to a personal pension plan in Ms S's name, there was a risk it would be incorrectly treated as 'uncrystallised' money. This could have enabled Ms S to take up to 25% tax-free, which isn't permitted under HMRC rules for 'crystallised' money. Such a payment would be considered unauthorised by HMRC and could result in significant tax charges for Ms S.

- Prudential wasn't responsible for the incorrect scheme type entered on the Origo transfer request or for the delay between 9 August and 27 September 2024, while it waited for written confirmation that the receiving account was a flexi-access drawdown plan. This confirmation was necessary for Prudential to complete the 'drawdown to drawdown' transfer. While I recognise this check caused further delay, I believe Prudential acted reasonably in rejecting the Origo transfer request while it clarified the matter.
- Ms S has complained that Prudential made unnecessary and excessive requests for information, particularly about potential beneficiaries. I don't agree. Pension providers like Prudential are required to conduct due diligence to identify all potential beneficiaries before divulging additional information and processing a death benefit claim. In my view, Prudential's request for this information was necessary and in line with normal industry practice. Prudential confirmed to Ms S early on in the claim process, in January 2024, that it only needed details about Mr M's immediate family – not distant relatives, as she had originally thought. Prudential also corrected the matter and apologised promptly after it initially requested a Grant of Probate in error.
- I note Ms S's comments about the possibility that the death benefit could be subject to around £70,000 in inheritance tax, following the UK government's announcement about including unused pension funds when calculating an estate's liability to IHT. I don't think this concern is relevant. Firstly, the transfer to Transact was completed on 7 October 2024 – this was *before* the 2024 Autumn Budget on 30 October 2024 when the UK government first announced its plans to include unused pension funds in the IHT regime from April 2027. Furthermore, transfers between spouses including unused pension funds remain free of IHT even after the changes announced in the 2024 Autumn Budget. Ms S hasn't suffered any financial loss in this regard.

Putting things right

It's accepted that Prudential provided a poor level of service and caused some avoidable delays. Prudential apologised and acknowledged that, had it processed the claim promptly, payment to Transact would have been made on 22 August 2024 for £171,784.34. Instead, the actual payment of £172,615.51 was made on 7 October 2024. In other words, Prudential accepts responsibility for delays totalling 46 days.

It's important to recognise that other parties were also involved in the transfer. Prudential cannot be held responsible for any delays caused by them. Based on the evidence I've reviewed, I think it's fair to conclude that Prudential was responsible for a total delay of 46 days, as it has already determined.

It's also important to note the fact that the transfer happened later than it should have doesn't automatically mean Ms S suffered a financial loss – this is because the delay could have worked in her favour. This can only be determined by comparing the investment funds and unit prices actually purchased with those that would have applied if the investment had been made sooner. Prudential requested this information from Transact but didn't receive it. So this cannot be accurately calculated. This service cannot compel third parties to provide information.

In the absence of the necessary investment fund and unit price information, Prudential used an alternative approach based on benchmarks commonly used by this service. We typically use one of three benchmarks to calculate financial loss, depending on the level of risk a consumer would have been willing to take:

- No risk to capital (Bank of England average return from fixed rate bonds)

- Some risk to capital (FTSE UK Private Investors Income Total Return Index)
- Small risk to capital (a 50/50 blend of the two benchmarks)

In its letter to Ms S dated 7 August 2025, Prudential confirmed it used a blended approach, which I understand to mean the 50/50 benchmark. This resulted in a calculated financial loss of £795.32, based on the difference in value between the notional transfer date of 22 August 2024 and the actual transfer date of 7 October 2024. In my view, the basis and principle Prudential used to calculate Ms S's financial loss is fair and reasonable. So I don't intend to direct it to calculate Ms S's financial loss using a different method.

When we instruct a financial business to pay compensation, we don't check the details of the calculation; the business is responsible for this. However, we can ask the business to provide details of the loss assessment in a clear and understandable format to the consumer. In this case, I can see that Ms S asked Firm P for this information but cannot see that Prudential has provided it.

Regarding the distress and inconvenience Ms S experienced as a result of Prudential's poor service, I find its existing offers totalling £475 to be appropriate in the circumstances.

My final decision

Based on the reasons set out above, my final decision is that I don't uphold Ms S's complaint.

If it hasn't already done so, The Prudential Assurance Company Limited should pay Ms S £795.32 compensation for the financial loss it calculated and £475 for the distress and inconvenience she experienced, in line with its previous offers. If Prudential has already paid part of these amounts, it should pay the balance required.

Prudential should also provide details of its loss assessment to Ms S in an easy to understand format that shows dates, amounts and the resultant financial loss that underpins its loss assessment and compensation offer £795.32. This is so she can understand how it calculated her financial loss.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 20 October 2025.

Clint Penfold

Ombudsman