

The complaint

Mr F is unhappy with the time it took for The Prudential Assurance Company Limited (Prudential) to transfer his personal pension away from them.

What happened

Mr F had a personal pension plan (PPP) with Prudential, the PPP had a guaranteed basic annuity (GBA). In around December 2023 an adviser, on behalf of Mr F asked Prudential for an annuity quote. Prudential responded and let them know that they no longer provided annuities. However, they said that if, after looking at the market, the GBA could not be achieved then Prudential would set an annuity up. Prudential provided the adviser with a medical questionnaire for Mr F to complete.

Mr F says that on 24 January 2024 he let Prudential know he wanted to take 25% tax free cash and his retirement benefits as an annuity paid in advance. Mr F requested Prudential refer him to Firm H. Firm H are a separate firm from Prudential, they assist consumers in obtaining quotes and in the process of transferring pensions. Within Prudential's internal notes it acknowledges that Mr F wanted payments to commence at the start of March 2024.

Following this there was some back and forth between Mr F and Prudential, with promises of paperwork being sent to Mr F and a number of other communications. A complaint was raised by Mr F as things were not progressing. Prudential issued a final response letter on 28 March 2024 in which they awarded £225 compensation, promised to deal with Mr F's transfer quickly and said they would check back in 30 days to calculate if Mr F had suffered any financial loss due to the delays caused by them.

After further back and forth an initial appointment with Firm H was arranged for 28 May 2024, and on 6 June 2024 Mr F was provided with an enhanced annuity quote from Firm H. The quote would provide a higher annuity than he would have received from Prudential with his GBA.

A further final response letter was issued by Prudential on 6 June 2024. Within which they offered an additional £100 compensation and set out that once the transfer of Mr F's pension was completed, they would calculate any financial losses Mr F may have suffered due to delays they may have caused.

Firm H chased Prudential multiple times for comparison quotes which were provided to them on 28 June 2024. On 14 August 2024 Prudential received a request via the Origo system to transfer Mr F's PPP to Firm L.

On 20 August 2024 Prudential sent Mr F 25% tax free cash at £15,447.05 and the balance of the PPP to Firm L, in the sum of £46,341.14. Mr F has said he received his first annuity payment on 9 September 2024.

Mr F referred his complaint about the way Prudential had handled the transfer of his PPP to this service in October 2024.

On 25 November 2024 Prudential provided another final response letter to Mr F with a detailed review of the service they had provided to him.

Prudential looked over the timeline of the transfer of Mr F's pension to Firm L, they concluded that they had caused some delays. They calculated that had everything happened as it should have, Mr F's PPP would have been transferred to Firm L on 3 May 2024. In order to resolve the complaint Prudential offered to:

- Compare the annuity payments Mr F receives with what he would have received had there been no delays. (Mr F's possible future loss).
- Pay any annuity payments Mr F has missed due to the delays caused (Mr F's past loss).
- Prudential compared how much tax free cash Mr F would have received and added 8% interest for the time he was without those funds. They established that Mr F had received more tax free cash than he would have done had there been no delays.
- Increase the previous award of compensation (£225 + £100) to £400 in total.

Prudential noted that Mr F had already received £225 but returned the £100 they had previously sent to him – and so they would make a payment to his bank account in the sum of £175.

Prudential wrote to Firm L on 25 November 2024 and asked them what level of annuity Mr F would have received if they'd sent the correct funds to them on 3 May 2024. To date Prudential have not received this information from Firm L.

Within his complaint, Mr F has said that he wanted to transfer his PPP away from Prudential into a more flexible plan with a drawdown facility, but he was not able to find an adviser who would provide him with advice to do so. So, he says he had no option but to take a retirement option with Prudential. He raised complaints about the length of time the transfer was taking on a number of occasions and was promised things would move forward but they didn't. In addition, he said he let Prudential know that he likes to prepare for any calls in advance and make sure he has signal to receive the call. In order to put things right Mr F suggested Prudential:

- Cover any fall in fund value.
- Cover any fall in annuity rates.
- Pay missed annuity payments from March 2024.
- Pay interest for late receipt of his tax free cash.
- Increase the compensation offer to £500 for the stress and worry this has caused him.

Mr F's complaint was referred to this Service and an Investigator considered it. They didn't suggest Prudential do any more than they had already offered to do. They said in summary that Prudential had offered to resolve Mr F's complaint in the way that this Service would expect them to.

Mr F had some questions about the assessment, which were answered by the Investigator, in summary:

- Will Prudential pay the annuity payments from May 2024 plus 8% interest? *Yes, Prudential confirmed they will calculate and pay the missed annuity payments to Mr F plus 8% interest.*
- Has this Service checked that the transfer valuation calculated is accurate? *The value has fallen by around £7,000. This Service isn't able to calculate fund values – if Mr F is concerned the valuation could be incorrect he would need to seek advice.*

- Will previous compensation amounts Mr F returned to Prudential be reissued? *Yes, the Prudential confirmed that the returned amount had been arranged to be paid into Mr F's bank account.*
- Should the Prudential be reported to the regulator for their conduct? *The Investigator provided Mr F with the regulator's contact information in case he wanted to speak to them.*

As an agreement couldn't be made the complaint was passed to an Ombudsman for consideration.

I contacted both parties informally to see if an informal agreement could be reached – so that Mr F does not need to wait for Firm L to provide Prudential with information in order to receive the compensation, as it has been some time since Prudential has asked for the details from Firm L. Mr F let me know he was still unhappy with a number of things raised within this complaint, and so an informal agreement wasn't reached. An additional point Mr F made was:

- He felt annual annuity payments should be amended to 1 May 2024, not be received in September going forward. Otherwise, Mr F will always be receiving his payment four months late. There could be a situation where Mr F is worse off depending on when he dies, due to the later in the year payment.

I issued my provisional decision, which in summary said:

- Prudential caused delays to Mr F's transfer. Had they done what they should have, the transfer would have completed on 3 May 2024. So, they should calculate any past, future and tax-free cash losses Mr F has suffered due to this delay.
- The annuity is not provided by Prudential and so they can't amend it's anniversary date.
- Any complaint Mr F has about the value of his plan would need to be raised separately with the Prudential for them to consider it.

Mr F's representative responded to the provisional decision; he said in summary:

- Comparison should not be to the annuity Firm L could provide at the earlier date. Instead, comparison should be to the best deal that Firm H could have found Mr F at the time.
- The Prudential should not have needed to send a medical questionnaire to Mr F.
- There is a good chance that Mr F may die in the part of the year which means an annuity payment will be missed, when it would otherwise not have been. Compensation should be awarded for this consideration.

I asked the Prudential why a medical questionnaire had been issued to Mr F. They explained that they are required to provide Mr H with information about whether a higher annuity would be available to him on the open market. So, it's necessary for them to understand if an enhanced annuity would be available. There are two options open for consumers – one is to receive advice from an independent adviser, in which case Prudential would need to provide the above-mentioned information to Mr F. The second is for Mr F to be referred to Firm H, in which case they would carryout their own process to check if Mr F is entitled to an enhanced annuity.

Prudential said that as they had received a request from an adviser, and Mr F had asked to be referred to Firm H, they should have checked whether the medical questionnaire was needed before sending it. As Mr F used Firm H, it wasn't needed. Prudential also noted that

they have now paid Mr F a total of £500 compensation, £225 in March 2024, £100 in June 2024 and £175 in November 2024.

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'm upholding Mr F's complaint largely in line with my Provisional Decision.

Delays

There is no argument that Prudential caused unnecessary delays to the transfer of Mr F's PPP to Firm L. Prudential have accepted they caused delays. So, the issue for me to determine is, had Prudential not caused any delays, when should Mr F's pension have transferred to Firm L?

I have considered in detail all the documents that both parties have provided to the Service along with the regulator's rules, guidance, laws and good industry practice.

Mr F contacted Prudential on 24 January 2024 and let them know he wanted to take his benefits at the start of March 2024, and asked them to refer him to Firm H. Prudential have let this Service know that the earliest they can provide an illustration and income summary is a month before Mr F wanted to take his benefits. Therefore, Prudential should have referred him to Firm H on 31 January 2024 to start the process.

I have not allowed time for the return of the medical questionnaire within my timeline as Prudential have let me know they did not need it as Mr F asked to be referred to Firm H.

Mr F had his second meeting with Firm H seven working days after the first. So, allowing for four working days for an initial meeting to be arranged, if Mr F had his first meeting with them on 7 February 2024, he would have had his second meeting on 14 February 2024. Firm H asked for comparison quotes from Prudential on the same day. Allowing five working days for Prudential to produce the quotes, they should have sent them to Firm H on 21 February 2024.

Prudential received a transfer request via Origo 33 working days after they provided the comparison quotes to Firm H. So, they would have received the request on 10 April 2024. It took Prudential four working days to issue the payments which is a reasonable amount of time. So, had Prudential not caused any unnecessary delays to the transfer of Mr F's PPP it ought to have completed on 16 April 2024.

Based on the above I the earliest Mr F's transfer was possible, taking into consideration the actions of all parties involved in the transfer, it ought to have completed on 16 April 2024.

I appreciate Mr F has said he wanted the transfer to complete on 1 March 2024. However, based on the timeline and consideration of when things did happen, that would not have been possible. As such I will be directing Prudential to carryout a redress calculation based on a transfer date of 16 April 2024.

Amending the annuity anniversary date

When considering a complaint my aim is to put Mr F, as close as possible, back in the position he would have been in, had Prudential not delayed the transfer of his pension. It's not always possible to put a consumer back into the same position, for a few reasons. In this

case, Prudential aren't the provider of Mr F's annuity – Firm L are. As such, I can't direct them to make contractual changes to it – because they're not able to. I'm also not able to make a financial award for something which has not yet – and may not, happen. I'm satisfied that the redress I will suggest below, puts Mr F, as close as possible, back into the position he ought to be in, and that the resolution is a fair and reasonable one.

Valuation

Mr F has recently said that he doesn't have confidence in the valuation Prudential have calculated. He says that the fund lost value of around £7,000. As this didn't form part of his original complaint to Prudential, I have not considered this point. However, between 3 May 2024 and 20 August 2024 (when the transfer did happen) Prudential have calculated Mr F's PPP increased by £994.40. So, there doesn't appear to have been a loss of value over the period considered within this complaint.

Compensation

I can see from Mr F's submissions, and the evidence on file that Mr F has found the process of transferring his pension very confusing. Prudential's actions, and lack of action at times have caused Mr F a great deal of stress. It took four months longer than it should have for him to receive his tax free cash and for his annuity to begin. During that time Mr F had to make a significant amount of effort to try and resolve things. The service that Mr F received from Prudential was not in line with what I would have expected to see, and I can understand why he has been so distressed.

Prudential have now paid £500 total compensation to acknowledge the distress and inconvenience they have caused. This is in line with what I would have suggested they offer had they not already done so. As such I'm not increasing this amount.

Putting things right

My aim in awarding fair compensation is to put Mr F back into the position they would likely have been in, had it not been for Prudential's error. Prudential should calculate:

- A) Total of all the notional payments which Mr F should have received from their pension, net of their marginal rate of tax, from 16 April 2024 up to the date Mr F's annuity commenced.
- B) Total of all the actual payments which Mr F has received from their pension, net of their marginal rate of tax, from 16 April 2024 up to the date Mr F's annuity commenced.
- C) Past Loss = A – B. If the answer is negative, there's a past gain and no redress is payable.

In working out the net payments, Prudential should assume that Mr F is a 20% rate taxpayer.

- D) The notional gross pension per year which Mr F should have been receiving from the date of Mr F's annuity commencement onwards.
- E) The actual gross pension per year Mr F currently will receive from the date Mr F's annuity commenced onwards.
- F) Future Gross Loss per year = D – E. If the answer is negative, there's a future gain and no redress is payable.

- G) Prudential must then work out what it would cost to replace any lost income in F) by buying an annuity on the open market with these features. It will need to refer to published annuity rate tables and get a quote from a competitive provider.
- H) The purchase price of the annuity found in G) is Mr F's gross future loss. This should be paid directly to them as a lump sum after making a notional reduction to allow for income tax that would otherwise have been paid at their likely rate on the income in F – 20%.
- I) The tax-free cash at 25% Mr F would have received on 16 April 2024, minus the tax-free cash Mr F did receive on 20 August 2024.
- J) Calculate 8% simple interest per annum on the amount of tax-free cash Mr F would have received on 16 April 2024 to 20 August 2024.
- K) Tax free cash loss = I + J. If the answer is negative, there's a gain and no redress is payable.

If payment of compensation is not made within 28 days of Prudential receiving Mr F's acceptance of my final decision, interest must be added to the compensation at the rate of 8% per year simple from the date of my final decision to the date of payment.

Income tax may be payable on any interest paid. If Prudential deducts income tax from the interest, it should tell Mr F how much has been taken off. Prudential should give Mr F a tax deduction certificate in respect of interest if Mr F asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

My final decision

I uphold Mr F's complaint and direct The Prudential Assurance Company Limited to award redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 19 September 2025.

Cassie Lauder
Ombudsman