

complaint

Mrs S has complained to The Prudential Assurance Company Limited about errors it made when handling her personal pension.

background

Mrs S received a share of her husband's pension when they divorced. The pension was invested with Prudential. It was intended that the money should be invested into a with-profits fund. But due to an error it was invested into a cash fund instead. Mrs S did not realise this until some years later when she noticed that the fund was not growing as much as it had done before.

Mrs S complained to Prudential. It upheld the complaint and accepted that it had made an error. It agreed to put things right by increasing the value of the pension fund to the value it would have reached if it had been correctly invested from the start. Prudential also offered £100 as its service had not been as good as it should have.

Mrs S did not accept and referred her complaint to this service. She is concerned that Prudential cannot explain what actually went wrong so the money was not invested correctly. She also felt that she had not been told the full story about when the mistake was made. This was partly because the fund had grown in the early years but there was little growth from 2009. So she felt there must have been a change around that time.

Our adjudicator did not uphold the complaint. She felt that Prudential's offer to put things right was fair. She also obtained evidence which confirmed that the error had occurred at the start and not later as Mrs S suspected.

Mrs S did not agree and asked for a decision from an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I consider the offer made by Prudential to be fair and so I don't uphold this complaint. I'll explain why.

Mrs S is unhappy that she has not been given a clear explanation of precisely what caused this error. She also suspects that the money was moved later and not invested in the wrong fund at the very start.

The nature of a mistake can often mean that the exact reason for it cannot always be explained. And it's also true that this mistake happened more than ten years ago. So I can appreciate why Mrs S is suspicious but I don't think there is any real doubt that there was a genuine mistake. Prudential has told us about an application form it received which, wrongly, said the money was to be invested in cash. Although this conflicted with other instructions, the application form does say that the money was to be invested in cash "as per the original plan". So this may well have been the root cause of the problem.

Mrs S suspects the money was moved into a cash fund in 2009 or 2010 and not earlier. It is true that the growth on the fund decreased from 2009 onwards. But this would be true for almost all cash funds. Interest rates had been much higher up to 2008 before decreasing to the lower rates we generally see now.

Prudential has agreed to put things right by making the fund value up to the value it would have been now if it had always been correctly invested. I think this is the fair thing to do. This just involves comparing the performance of the cash fund with the performance of the with-profits fund and making up the difference.

Prudential has accepted some failures in its service. But I think its offer of £100 for any trouble and upset this caused is fair.

my final decision

Assuming Prudential's offer is still available for acceptance, I don't uphold this complaint. I'm satisfied that the offer it has made is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 30 November 2015.

Keith Taylor
ombudsman