Financial Ombudsman Service

complaint

Mr W complains about the time it took to transfer his existing pension plan to a new pension plan. He says Prudential didn't take into account his objective to secure the value of the funds in his existing plan by his retirement date of October 2018.

background

Mr W held a pension plan that didn't have a draw down facility. So he approached the business in March 2018 to ask for some advice about transferring his existing plan to a new plan with this facility. A meeting took place and it was decided that another meeting would take place nearer to his retirement date.

Mr W contacted Prudential in August 2018 to ask about the second meeting. He met with the business' adviser on 4 September 20018. He signed an authority allowing his adviser to seek information about his existing pension plan. Prudential then requested information from his existing plan provider on 13 September 2018. That information was received on 24 September 2018. Mr W's state retirement date was 10 October 2018. A suitability report was produced on 16 October 2018. The application for the new plan was signed by Mr W on 18 October 2018. The suitability report was amended on 19 October 2018 with a change in the withdrawal amount from 25 percent of the plan value to a lump sum of £10,000. The transfer took place on 2 November 2018.

A trading note was sent to Mr W dated 9 November 2018. Mr W made an email complaint on 9 November 2018 complaining about the time it had taken to affect the transfer. He complained this was despite having made it clear to the adviser that he was concerned about a dip in the market just before the US mid-terms and so he wanted to sell his units by his retirement date in October. He asked for a refund of the fees he had paid. This was followed up with a formal complaint letter on 16 November 2018. The business then contacted Mr W on 21 November 2018 to confirm the details of his complaint. He reiterated his instructions had not been carried out as discussed and that he had said from the outset he wanted to withdraw £10,000 rather than the full 25% of the plan.

Prudential didn't uphold Mr W's complaint. Prudential said it hadn't been made clear to its adviser that Mr W wanted to protect the value of his plan and transfer it before his retirement date. Prudential said if Mr W had made this clear the adviser would have advised him to convert his plan to cash. It said the adviser arranged for the transfer as per Mr W's instructions and it wasn't Prudential's fault that the value of the plan had gone down between his retirement date and the transfer date.

Mr W disagreed. He said the whole point of the discussion he had with the adviser about the mid-term elections was that he wanted to sell the funds in his plan before then. Mr W also said he relied upon the adviser's knowledge about how long the transfer would take to action. He referred his complaint to our service.

Our investigator considered Mr W's complaint and thought it should be upheld. She said she thought Mr W was looking to sell the units in his existing plan as close as possible to his retirement date and not before. The investigator said that she thought it likely that there had been a discussion about the impact of the US mid-terms on the fund value and that Mr W wanted to protect his funds from a fall in value. She said Mr W had agreed to wait until closer to his retirement age. But the investigator felt he had done so following the advice of Prudential's representative and believing the adviser was aware of his priorities and would allow sufficient time to action them.

The investigator said Mr W thought the adviser was still implementing his objective of securing his funds which is why he gave the adviser authority to deal with his pension and access all relevant information. She noted there was a small delay after the suitability report was produced and that all together the transfer process didn't even start until after Mr W's retirement date.

The investigator said Mr W had lost out as a result because the value of his funds went down significantly after the retirement date. She said Prudential should pay the difference in value together with compensation for the trouble and upset caused. But she didn't think Prudential should have to refund its fees as it had carried out Mr W's transfer. The investigator said even, if the transfer had taken place on his retirement date Mr W would still have had to pay Prudential fees for the work undertaken.

Prudential disagreed and said there was nothing in its records to indicate that Mr W wanted to protect the value of his funds.

It said the adviser had explained the discussion in March 2018 was "*was centred around whether or not he needed income and/or capital from his pension at that moment in time hence why our conversation led to us agreed to review his finances in more detail nearer to his state retirement age.*

Prudential said that during that meeting Mr W had *"simply commented on his thoughts around the affect that the midterms would have on the US market, he did not express any urgency to move funds. He also talked about his investment experience and that he had been running a portfolio of shares for around 15-20 years and very much understood about equities, markets and external influences on performance of these assets and had made decisions based on these under his own judgement.*

It said it couldn't see that any advice had been given to Mr W in March and its adviser was unable to provide any advice on his existing pension plan. Prudential noted its adviser could only advise in relation to Prudential's products and that had been explained to Mr W at the time.

Prudential also pointed out that a transfer from an external source can take up to around eight weeks to process. It said that been explained to Mr W.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr W met with Prudential in March 2018. He was in his mix-sixties and looking for a flexible drawn down facility so he could access money from his pension. As this was not possible under his existing plan he was looking to transfer to a new plan which gave him that facility. Mr W says he was concerned about the effect of the mid-term US elections on his fund value. So he wanted to make sure that any transfer took place at around the time of his state retirement date in October 2018.

Prudential has said the mid-term elections were mentioned at the meeting in March 2018 but it was not made clear to its adviser that Mr W wanted to protect the value of his funds. It said if that had been made clear its adviser would have recommended Mr W transfer the funds in his plan to cash.

I note Prudential has also said that Mr W explained he had been running a portfolio of shares for 15- 20 years and he had an understanding of markets and external influences on the performance of assets. I can also see from the fact find which recorded Mr W's financial circumstances that Mr W had a fairly significant amount invested in shares. So I consider these factors support Mr W's assertion that he was concerned about the affect of the US mid-term elections on the funds in his pension plan as I consider Mr W had some awareness of, and interest in, movements in the markets.

I think it more likely that Mr W raised the issue of the mid-terms elections because he was concerned about protecting the value of his funds rather than just mentioning it as part of general discussion, or in passing. I note Mr W has consistently said he had informed the adviser of his concerns about the impact of the funds. He has said that from the outset when he complained-in November 2018- which was shortly after the transfer took place. I also think it unlikely, if it was of such insignificance, that the adviser would have remembered Mr W talking about the mid-term elections.

As Mr W didn't have an immediate need for a lump sum withdrawal Prudential's adviser recommended he wait until nearer to his retirement date in October 2018. This seems sensible as this would allow Mr F's funds to remain invested for a bit longer. But I think that recommendation would also have had to take into account Mr F's objectives.

I can see in a file note from the business records in March 2018 it says:

"client has no immediate need for capital or income at present have recommended we meet up again in August in preparation for his state pension coming out in Oct.

So I think the October date was relevant in the discussions which would be in accordance with what Mr W has said about that being the target date.

Although I do acknowledge what Prudential has said about the time scales involved in carrying an external transfer I don't think Mr W would have necessarily been aware of what was involved in the transfer process. In any event I think Mr W would have relied upon his adviser to put the transfer in motion with sufficient time allowed to meet his objective.

Mr W says he was expecting to hear from Prudential towards the end of August 2018. This would have been around 6 weeks before the desired date of transfer. He said he had been assured by the business this would allow enough time to complete the transfer on schedule. So on around 28 August he contacted the adviser to ask when the second meeting was going to take place.

I note Prudential accepts that it was Mr W who contacted the business but says the adviser also had a note to contact him that day. I also note the file note indicated the next meeting would take place in August but it didn't take place until September.

That meeting took place on 4 September 2018, some 5-6 weeks before Mr W's retirement date. A fact find was completed and a suitability letter was produced.

It was recorded that Mr W and his wife had a business which they had been winding down over the last few years. They were planning to sell their home and downsize to realise some capital. Mr W had no need of a regular income as he was in receipt of state retirement income which covered his monthly expenditure. It was recorded that Mr W was looking to access a tax free lump sum from his retirement funds to use for planned works in their home and garden.

So whilst Mr W did want to access some of his pension funds I don't think Mr W had a need for the lump sum on a specific date. I think his main concern was about the timing of the sale of his funds.

In the suitability letter Mr W's investment experience was described as follows:

……throughout your working life you have always tried to save/ invest money in the best way possible to gain capital, growth over the long term You have a portfolio of shares that you run yourself Within this you have seen both losses and gains and feel you have a good understanding of how the stock market works You also feel you have a good knowledge of property and cash and class yourself as a moderate experienced investor.

So I think this supports what Mr W has said about being aware of how his funds may be affected by the US mid-term elections.

Even if I am wrong about Mr W having made his objective clear in the March meeting, I think it likely he would have been vocal about this issue in September because the event he was concerned about was impending.

Overall I think Mr W's explanation of his objective and that he made this clear to Prudential's adviser is credible in the circumstances. I note it is accepted by the business that some discussion took place around the mid-term elections although it disagrees about the significance of that discussion. I also take into account it was Mr W that chased up the second meeting and that he complained very quickly after the transfer took place. In addition he has been consistent in explaining he stated his concern and his objective to transfer at his retirement date.

I also think Mr W may well have thought – having already had one meeting with the adviser- that the transfer could be put in train fairly swiftly. In addition I note Mr W has said in his complaint he wasn't informed of the timescales and he believed in September he had signed everything required to carry out the transfer.

I note that it took about 2 weeks from the application form being signed to the transfer taking place. So I don't think this was a case of the transfer process being delayed and lengthy. It was more of a question of when it was actioned. Consequently if things had been put in motion shortly after the 4 September meeting I think the transfer would probably have taken in place in time for Mr W's retirement date in October.

I take into account the information was not sought from the provider of Mr W's existing plan until 13 September- some 9 days later. And although the information was received on 24 September – the application was not signed until 18 October.

Overall I don't think the transfer process was put in place as quickly as it should have been given Mr W's stated objective of protecting his funds from the potential impact of the US mid-term elections.

I think the transfer was capable of being carried out by 10 October 2018 and so Prudential should compare the value of the funds on that date with the actual transfer value of the funds. As the transfer value was reinvested in the new plan Prudential should carry out a loss assessment to determine what Mr W's current pension investments would've achieved and pay the difference into his pension plan.

Trouble and upset

I also think Mr W has been caused trouble and upset because he ended up with the very outcome he had been trying to avoid. I consider the value of his pension plan would have been important to Mr W particularly taking into account his age. I think Mr W would have been very disappointed to receive a significantly lower value than he had anticipated.

I also note he had to contact the business at the end of August to chase up the transfer process and in response to the original suitability report which didn't state the correct withdrawal amount.

Overall I agree with the investigator that £250 is fair and reasonable compensation for the trouble and upset caused. So Prudential should pay that amount to Mr W.

Fees

I consider it was clear from all the information provided to Mr W including the suitability letter that he would have to pay Prudential fees for carrying out the transfer and setting up the new plan. As Prudential's adviser did meet with Mr W on two occasions , prepared a fact find and suitability letter and effected the transfer and new plan I don' t think it would be fair and reasonable to say that Prudential should refund the fees paid by Mr W.

my final decision

My final decision is that Mr W's complaint against The Prudential Assurance Company Limited is upheld and it should pay compensation to Mr W as outlined in this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 June 2020.

Julia Chittenden
ombudsman