

## **complaint**

Mr A is unhappy that The Prudential Assurance Company Limited (Prudential) transferred two of his pensions to a Cash Fund when neither his independent financial advisor (IFA) nor Mr A asked them to. He'd like Prudential to make up any potential losses incurred while two of his pensions were invested in a Cash Fund.

## **background**

Mr A has three pensions with Prudential, two single premium pension policies and one regular contribution pension policy.

In early 2015 Prudential wrote to Mr A and his IFA several times. It explained that as Mr A was approaching his selected retirement age he needed to decide if he wanted to start drawing on his pension. The letter said that if Prudential didn't hear anything they'd automatically transfer his pensions into a Cash Fund.

Neither Mr A nor his IFA got in touch with Prudential.

In June 2015 Prudential wrote to Mr A and his IFA. It said that as it hadn't heard anything the pensions had been switched to a Cash Fund. The letter also said that if Mr A wanted to switch his pensions to any other fund he'd need to complete an enclosed separate form called an Investment Alteration form.

During this time Mr A was changing his employment and wanted to continue to make monthly payments to his pension. Mr A's IFA sent Prudential a completed application form asking for the total investment and all future contributions to be invested in the PruFund Growth Fund. Unfortunately this wasn't the right form and there were a number of letters and forms exchanged between the IFA, Mr A and Prudential. The correct form was completed and received by Prudential at the end of September 2015. In October 2015 Prudential wrote to Mr A and his IFA to confirm his policy had been updated and all outstanding premiums had been collected.

In early 2017 Mr A and his IFA reviewed his pension provisions. They noticed the performance of Mr A's three pensions wasn't as good as they thought it should've been. Mr A's IFA noticed that the two single premium pensions, the bulk of his pension, was invested in the Cash Fund, not the PruFund Growth Fund as they had both thought.

Unhappy with what had happened Mr A complained to Prudential. Mr A and his IFA said they believed they'd made it clear to Prudential that they wanted each of his three pensions to be invested in the PruFund Growth Fund. Mr A felt the annual statements he received weren't clear as they showed one policy number and this added to the confusion. Mr A asked for Prudential to compensate him for any loss in capital growth.

Prudential looked into Mr A's concerns. It said that it had followed its policy terms and conditions when transferring his pension policies to a Cash Fund.

Unhappy with the response Mr A brought his complaint to our service. One of our investigators looked into the complaint. She didn't think Prudential needed to do anything else to resolve the complaint. She said Prudential had been clear that it'd switch his pension policies to a Cash Fund if it didn't hear from him. And that they'd acted fairly when switching the policies. She acknowledged that Mr A had completed a form asking for his total

investment to be transferred to the PruFund Growth Fund but as it was the wrong form didn't think Prudential should compensate for any loss in growth.

Mr A asked for an ombudsman to review his complaint.

### **my findings**

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've reached the same conclusion as our investigator for the same reasons.

Mr A's pensions were set up with a retirement age of 61. Pension providers like Prudential are required to write to their consumers ahead of their retirement date. This is called a 'wake up' letter. The purpose of the letter is to remind the consumer that their retirement date is approaching and that they ought to start thinking about their options in terms of taking their pension benefits, including example annuity quotations. A wake up letter was sent to Mr A and his IFA in February 2015 with a reminder being sent in March 2015. Both of these letters made it clear that if Prudential didn't hear from either Mr A or his IFA his investments would be switched into a cash fund.

Businesses often do this as they assume a consumer intends to retire at the selected retirement age. It also helps to avoid any last minute falls in their investments at the time they're likely to convert the fund into a retirement income such as an annuity.

I haven't seen any evidence that either Mr A or his IFA gave Prudential any instructions as to what Mr A intended to do so I think Prudential acted correctly in transferring the pensions to the Cash Fund.

Prudential did subsequently write to the IFA confirming the pension policies had been transferred to a Cash Fund and what needed to be done to switch them to another fund, including the correct form to complete. Mr A and his IFA did send forms to Prudential. But crucially the forms that were completed were to top up or restart his pension contributions, not to switch his funds. I've noted that on one of the forms sent back, the IFA has ticked a box called 'total investment' but as this was on a form to restart pension contributions, and was superseded by later forms anyway. I don't think Prudential would've acted correctly in switching all his pension policies out of cash.

Both Mr A and his IFA have subsequently said the annual plan statements they were sent were misleading and didn't clearly set out where the pension plans were invested. I've been provided with an annual plan statement from February 2016. I'm of the opinion it sets out each of the three funds separately and where they are invested.

I appreciate my decision will come as a disappointment to Mr A. But I think Prudential clearly set out if and when the pension plans would be transferred to a Cash Fund and what forms had to be completed to switch them to another fund.

### **my final decision**

I won't be asking The Prudential Assurance Company Limited to take any further action on this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 29 January 2018.

Michael Fisher  
**ombudsman**