

complaint

Mr H has complained that The Prudential Assurance Company Limited ("Prudential") moved his pension fund to a cash fund without telling him.

background

Mr H was made bankrupt in 1994 and at the time he held a pension fund with Prudential. So although the pension remained in his name, his trustee in bankruptcy had an interest in some of the money in his pension. Mr H had both protected and non-protected rights in his pension fund.

In February 2013 Mr H's trustee in bankruptcy contacted Prudential to say it wanted to claim the non-protected rights later in the year when Mr H turned 65. In May 2013 Prudential told Mr H's trustee that it would move all the pension funds from a with profits fund to a cash fund and this was done in August 2013. But the trustee didn't actually take any of the pension funds, so they stayed in the cash fund from then on.

Mr H took the protected rights part of the pension funds by a lump sum payment in July 2015. And in 2016 he bought out the trustee's interest in the rest of his pension. Mr H has complained that he wasn't given information by Prudential that he was entitled to, so his funds were put in a low performing cash fund without his agreement. He says Prudential should work out how much the fund would be worth if it had stayed in the with profits fund and pay him the difference.

Prudential says it hasn't done anything wrong in moving the Mr H's pension funds to the cash fund. But it's accepted it gave Mr H incorrect information about why the funds were moved, so it's offered to pay £50 because of the upset caused. And it says Mr H could've taken the non-protected rights part of his funds in 2013 if he'd been given the right information then. It's offered to work out what that would've been worth if it had remained in the with profits fund until Mr H took the lump sum in 2015 and pay him the difference with interest.

One of our investigators looked into the complaint and thought Prudential's offer was fair. But Mr H disagreed, so the complaint has been passed to me for a final decision.

my findings

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

When Mr H's trustee in bankruptcy said they intended to take the benefit of his pension in 2013, Prudential moved the pension from a with profits fund to a cash fund. This was to fix the value of the total pension pot so it couldn't go down if the value of the with profits fund went down between the trustee saying they wanted to take the pension benefits and the money actually being made available. This happened in line with the pension policy and I think it was a sensible thing to do to protect Mr H's pension from any possible market fluctuations.

And under the policy, the protected rights would be dealt with in the same way as the non-protected rights if they are taken on or after the state pension age. As the trustee said they wanted to take the pension benefit when Mr H turned 65, I think the protected rights

would've moved to the cash fund too. And I don't think this would've been different even if Mr H knew about the position when the pension was actually moved.

But Prudential has said it could've told Mr H he could've taken the protected rights part of his pension earlier than it did. It's offered to pay him the difference between what the protected rights part of his fund would've been worth if it had stayed in the with profits fund until it was paid out and the actual value of the fund when it was paid. And it's agreed to add 8% simple interest per year to this amount from when Mr H took the lump sum until he gets compensation.

I've thought about this offer and I think it's fair. It'll put Mr H in the position he'd be in if the protected rights part of his pension had been left in the with profits fund – which is what he's asking for with respect to this part of his pension. And I think it's right Prudential pays £50 for the upset caused by Mr H being given incorrect information when he complained in 2015.

Mr H has told this service that Prudential has agreed to move the rest of his pension back to the with profits fund since he's bought back his trustee's interest. And he's asked Prudential to pay the difference between value of his non-protected rights today and what they would've been if the pension had remained in the with profit funds. But, for the reasons set out above, I can't see that Prudential did anything wrong in moving the pension to the cash fund when it did. It may be that Mr H has a complaint with his trustee in bankruptcy for not doing anything with his pension once it had been made available, but I don't think Prudential are responsible for this.

my final decision

For the reasons set out above, I uphold Mr H's complaint against The Prudential Assurance Company Limited in part. I think The Prudential Assurance Company Limited's offer is fair and I direct it pays Mr H:

- the difference between what the protected rights part of his fund would've been worth if it had stayed in the with profits fund until it was paid out and the actual value of the fund when it was paid.
- add 8% simple interest per year to this amount from when Mr H took the lump sum until he gets compensation.
- £50 for the upset caused by Mr H being given incorrect information if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 May 2017.

Mark Hutchings
ombudsman