

Mr B's complaint is about the actions of The Prudential Assurance Company Limited when he wanted to transfer his pension policy to another provider. Mr B considers that Prudential should honour the higher transfer value that it told him he would receive just before the proposed transfer date.

## background

I set out the background to this complaint in my provisional decision dated 10 April 2017, a copy of which is attached to and forms part of this my final decision. Briefly:

Mr B wished to transfer his existing pension plan with Prudential to a new provider on his selected retirement date (SRD) of 30 April 2016. Shortly before his SRD Mr B requested a transfer value and Prudential sent Mr B a letter dated 29 April 2016 that stated:

*Your fund at 30 April 2016 (age 60) will be worth £207,840*

However, a lower sum was actually transferred and Mr B complained. Prudential agreed to pay Mr B £650 for the poor handling of his complaint and for any distress and inconvenience caused. It did not agree to pay the sum of £207,840.

At the SRD the policy it was worth £203,507.24. However this was only transferred on 27 May 2016.

Prudential has offered to pay the sum of £1,712.85 to Mr B because it accepts that it took too long to make the transfer. This resulted in an investment loss. It has also agreed to pay Mr B's advisor's fees. Again, it did not agree to pay the higher transfer value quoted.

In my provisional decision I stated that the offer was fair and reasonable and I directed Prudential to pay Mr B £1,712.85. This was in addition to the £650 that it had already paid for the poor complaint handling and the fees that it had to Mr B's adviser.

Mr B rejected this and argued that:

- He believed the level of compensation that has been offered should be higher as it didn't match the distress he'd suffered and the damage to his work.
- The difference between the transfer value Prudential quoted and paid was over £4,000. However, it had stated in writing and on that telephone that Mr B "*will not be financially disadvantaged*". So to receive less than half that figure as compensation would mean he was still disadvantaged.
- Prudential confirmed verbally, through three different employees, that the higher transfer value figure was correct.
- Over the last twelve months Prudential has acted unprofessionally and made numerous errors. The error over the transfer value is unacceptable and proved most costly.
- Prudential has also missed deadlines imposed by this service to provide responses and answers.
- Prudential should pay compensation of at least half the difference in the transfer values.

Prudential considered the arguments put forward by Mr B but did not improve its offer.

## my findings

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

Following Mr B's response to my provisional decision I asked Prudential for the telephone call recordings during which Mr B has argued he was told he wouldn't be "*financially disadvantaged*". I've listened to these calls and it is clear that Mr B was very upset with the way that he had been treated by Prudential after saving with them for over 30 years. It is apparent that the individuals dealing with the complaint upset Mr B and whilst they said he would not be disadvantaged whilst they investigated the matter the Prudential staff did not state that it would pay the higher transfer value.

I do not agree with Mr B that the comment that he '*would not be disadvantaged*' meant that Mr B was entitled to receive more than the value of his policy on his SRD.

As I explained in my provisional decision the value of Mr B's policy changes daily as the unit prices of the funds move. Therefore it was not possible to guarantee what the transfer value would be at a future date. Mr B was invested in units that could both increase in value and also fall in value. This is the nature of a unit-linked contract.

What happened was that when Mr B asked Prudential for the value of his policy at his SRD it was estimated by taking the then current transfer value and projecting it forwards the short time to his selected retirement date. The transfer value quoted in the letter of £207,840 was an estimate. I have said that Prudential should have made it clearer in its letter to Mr B that this figure was an estimate. The way in which it wrote to him might have misled him into believing that the transfer value quoted was fixed as he has said.

Prudential has agreed that the payment of the transfer was delayed and it has offered Mr B compensation for this delay. This means that he has not suffered as a result of the delay which arose because of its actions.

I can understand why Mr B is upset that the transfer value that he received was over £4,300 lower than the projected value that he was sent. So I have thought about whether it would be fair and reasonable in all the circumstances to say that Prudential should pay that higher sum. I don't think it would. Simply put Mr B was never entitled to the higher estimated figure set out in the letter and Prudential's terms and conditions do explain this.

However I have looked at what I think is fair. And saying that it was entitled to do this and that is the end of the matter is not sufficient. In my opinion Prudential should have made it clearer in its letter that the transfer value shown of £207,840 was only an estimate and was not guaranteed. The actual transfer value would depend on the actual prices of the units on the selected retirement date.

In my opinion Prudential acted appropriately in looking at the time it took to transfer the units and making an offer to cover any loss caused by that delay. The amount now offered for the delays is appropriate and I consider that the payments that Prudential has paid to be fair and reasonable.

I have also considered the £650 that Prudential has paid Mr B for the distress and inconvenience that he has suffered. I think from the telephone calls I've listened to that

Mr B's concerns were not handled particularly well and I can only imagine how the issue of the reduced transfer amount would have weighed on Mr B's mind and could well have impacted on the creative work that he is involved in. However, I consider that the amount paid by Prudential is towards the higher end of what I might usually award but think that because of the special circumstances of this case and the poor communication with Mr B this higher amount is reasonable.

I note that Prudential has also paid the fees of Mr B's adviser which in my opinion is also appropriate and fair in the circumstances of this particular complaint and appears to reflect the seriousness with which it has treated the impact on Mr B of its poor service.

Whilst I appreciate how upset Mr B may be at my decision I do not however agree that Prudential should pay the higher transfer value that was sent to Mr B as this was only an estimate and it was not guaranteed. I also do not agree that it is appropriate to split the difference in the transfer values in half.

Prudential have made an offer to Mr B for the losses that arose when it delayed the transfer. This payment is completely separate from the reduction in the estimated transfer value and I do not agree that the estimated value was guaranteed. Prudential has already paid Mr B £650 for the distress and inconvenience he has suffered and I do not think it needs to pay him more than this.

#### **my final decision**

I partially uphold this complaint against The Prudential Assurance Company Limited and I direct that it should pay Mr B the further sum of £1,712.85 as I stated in my provisional decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 June 2017.

Adrian Hudson  
Ombudsman

## **COPY OF PROVISIONAL DECISION**

### **complaint**

Mr B's complaint is about the actions of The Prudential Assurance Company Limited (Prudential) when he wanted to transfer his pension policy to another provider. Mr B also believes that Prudential should honour the higher transfer value that they told him he would receive just before the proposed transfer date.

### **Background**

Mr B had a unit linked personal pension plan with Prudential that was invested in a managed fund. The policy held two types of units, accumulation units and capital units. The majority of the policy was invested in accumulation units and a smaller part was invested in capital units. The capital units were subject to higher charges. However at the selected retirement date the more expensive capital units would be converted into accumulation units.

The prices of the capital and accumulation units varied daily and there was no guarantee as to what the unit prices would be in the future.

In the letter from Prudential to Mr B dated 29 April 2016 it stated

*Your fund at 30 April 2016 (age 60) will be worth £207,840*

In fact a lower sum was transferred and Mr B then complained to Prudential. The complaint was upheld in part and Prudential agreed to pay Mr B £650 for distress and inconvenience and poor handling of his complaint. It did not agree to pay the higher transfer value quoted.

Mr B complained to the Financial Ombudsman Service where an adjudicator investigated the complaint. He considered that Prudential should pay an additional £500 to Mr B for the raised expectation Prudential had given him regarding the final value. The adjudicator did not agree that the Prudential should pay the higher transfer value.

As the parties did not agree with the adjudicator's view the complaint has been referred to 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.

Mr B wanted, on his selected retirement date (29 April 2016), to transfer the value of his policy with Prudential to another pension arrangement that he had with another provider.

The value of the policy would only be known on his selected retirement date when the actual unit prices were available.

Mr B was interested to know what the value of his plan would be and what sum would be transferred to the new provider.

In order to estimate what the value would be the Prudential took the actual policy value it had on 22 April 2016 and then projected this forward to the selected retirement date. This was the most up-to-date value of the policy that it had. Having carried out the calculation it sent a letter date 29 April 2016 setting out the results.

In the letter from Prudential dated 29 April 2016 it stated

*Your fund at 30 April 2016 (age 60) will be worth £207,840*

This was not the case as this figure was only an estimate and Prudential should in my opinion have made this much clearer. Mr B on receipt of this letter expected this sum in his Prudential Plan to be transferred to the new arrangement. However, because the unit prices fell between 22 April 2016 and 30 April 2016 the actual sum available fell. It should be noted however that if the unit prices increased over the period the transfer amount would have increased.

Whilst I note that Mr B considers that Prudential is legally required to pay the figure in the letter of £207,840 I do not agree. The value of the policy on the selected retirement date can only be determined in line with the policy rules once the appropriate unit values are available on that date.

I note that as a result of discussions between Mr B and Prudential the transfer amount sent to the new provider of £203,507.24 was only sent to the new provider on 27 May 2016

As this was lower than the amount that Mr B was expecting he complained to Prudential. It agreed that it had handled Mr B's request poorly and it paid Mr B £650. It did not agree that it should be required to pay the amount of £207,840 that it had shown in its letter to Mr B.

Prudential also stated that it would look at the time that his financial adviser had spent dealing with the matter.

Mr B was unhappy with this outcome and complained to the Financial Ombudsman Service. An adjudicator reviewed the file and considered that whilst Mr B had been compensated by Prudential with a payment of £650 a further sum of £500 was appropriate for the distress that Mr B had suffered when he had tried to get an explanation of why the sum was lower than the figure set out in the letter dated 29 April 2016.

The adjudicator noted that as a result of all the correspondence that was taking place the transfer to the new provider had been delayed and in fact he considered it should have been paid much earlier. The Prudential determined that as a result of this delay there had been a lower number of units bought by the new provider. They determined the loss as £1,697.24 Prudential offered to pay this sum to the new provider.

The new provider determined that the current value of the loss as a result of the delay incurred was £1,712.85 due to the slightly different growth on these funds. Prudential has agreed that it would pay the higher sum of £1,712.85.

What happened between 22 April 2016 and 29 April 2016 is that the unit prices of the managed fund units fell. This meant that the actual policy value available on the select retirement date was lower than the figure that had been set out in the letter dated 29 April 2016.

What is also clear is that if the unit prices increased at the end of April 2016 by more than Prudential had assumed the actual transfer value would have been greater than the figure shown in the letter of £207,840.

In my opinion Mr B has clearly experienced significant levels of distress and inconvenience during his conversations with Prudential but I consider that the money already paid of £650 (£125 for trouble and upset; £25 for cost of calls; and £500 for any loss of expectation) was appropriate in the circumstances and I'm minded to make no further award with regards to this part of the complaint.

I note that Prudential has agreed that the transfer was delayed and has agreed that it will offer redress for the lower value that the policy has now rather than the value it should have done. This it has agreed is £1,712.85.

Prudential has also paid the fees requested by Mr B's adviser.

**my provisional decision**

I am minded to uphold this complaint against The Prudential Assurance Company Limited and I am minded to direct it to pay further redress to Mr B of £1,712.85.

Adrian Hudson  
**ombudsman**