

## **complaint**

Mr M complains about how The Prudential Assurance Company Limited handled the transfer of his pension. A valuation he thought was guaranteed fell dramatically upon transfer and he is unhappy with the customer service provided.

## **background**

Mr M had a pension policy with Prudential that began in the '80s. It was set up with a planned retirement date for March 2017, so ahead of that, Prudential sent Mr M a retirement pack to explain what his options were. On 11 January 2017, Prudential sent Mr M a letter which set out his annuity offer and quoted a pension value of £278,311.60.

Mr M began thinking about his options and got some guidance from a Prudential adviser. She explained that he had three options; make a decision on his own, seek independent advice or take restricted advice from them.

Mr M began exploring options with an independent adviser. In February and March 2017 he received some other letters from Prudential – these had similar valuation figures to the January letter.

Mr M decided to go ahead with the independent adviser and his application to move his pension into a retirement account was made in April 2017.

But in May 2017, Prudential informed Mr M that an adviser with specialist qualifications needed to be consulted about some of the guaranteed benefits Mr M had. So Mr M sought advice from another adviser and the application was made again.

All of this meant it took longer to move Mr M's pension and release his tax-free cash than he expected. Both Mr M and the adviser he'd initially used made complaints to Prudential.

When the pension was transferred, its value had fallen by around £17,000. This was a shock to Mr M as he had six letters from Prudential between January and May 2017, all referring to valuations between £276,000 and £278,000. So to receive just under £260,000 was an unwelcome surprise.

Prudential looked into Mr M's concerns and explained that the reduced value was because one of the non-guaranteed bonuses had been reduced in April 2017. It did however agree its service had fallen short as it should have given clearer advice about what options there were from the outset, it could have had the transfer done sooner, and could have made sure letters and call backs went to Mr M rather than his adviser. So it paid Mr M £200 to say sorry. And it added an interest payment on the delay with the tax-free cash.

But Mr M remained unhappy with both the service and the value drop – he explained that all of the letters quoted higher figures, even those sent after April 2017, so he asked for our help. An investigator looked into his concerns, but thought Prudential had done enough to put things right. Remaining unhappy, Mr M had the case referred for review.

## **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 come to the same conclusions as the investigator, for broadly the same reasons.

### *the value of Mr M's pension*

I can understand why Mr M has made his complaint and why he thinks Prudential have done something wrong. But having looked into his concerns in more detail, I don't think his loss of expectation is based on an error made by Prudential.

I say this because Prudential only sent Mr M one valuation letter – on 11 January 2017. And the only other time they gave a valuation was when they faxed Mr M's adviser on 17 March 2017. These both quoted the same value which was right at the time.

But on 1 April 2017, Prudential applied their annual non-guarantee bonus review. Based on performance in 2016/17, they reduced the bonus payable and Mr M's pension value was reduced accordingly.

The letters Mr M received after this date were not in fact valuation letters. Instead, they were letters associated with the setting up of the new retirement account – these were automatically generated after Mr M's adviser input an estimated transfer amount.

Although I understand this might not be something he would have spotted at the time, the letters Mr M received after April quoted his retirement account number, rather than his pension plan number.

So the letters Mr M received in May 2017 were not valuation letters – they reflected the estimated valuations the adviser had used for the basis of setting up the retirement account. Because of this, I don't think Prudential made an error with the information they provided.

### *guarantees given by Prudential*

Regardless of the confusion caused by the new account letters, Mr M says he was told his pension was guaranteed – and he makes reference to both what Prudential's adviser said and what the January 2017 letter said.

I've looked closely at the letter, but it gave a guarantee around the basis upon which Prudential would calculate Mr M's annuity, not that his pension value was guaranteed. This was so Mr M could shop around other annuity providers and be able to compare their offers on a like for like basis with what he'd get if he took his annuity with Prudential.

Mr M's pension remained invested and could therefore fluctuate in line with the underlying investments. Importantly, the letter also said that values were not guaranteed and could change on a daily basis. Because of this, I don't think Prudential gave Mr M a guaranteed transfer value.

But not only was Mr M's pension value exposed to fluctuation, it was also subject to change following Prudential's annual review of bonuses. As we now know, the April 2017 review reduced the non-guaranteed element of Mr M's pension and this is what contributed to the fall in value which surprised him.

But this isn't something Prudential should have warned Mr M about – most pension companies review what bonuses they pay each year but the announcement of any change and how it's calculated is something that's commercially sensitive and something our service wouldn't interfere with. Just as rates went down, they could also have gone up, so even if Mr M was aware of an impending change, he wouldn't necessarily have known whether he was better off waiting until after any announcement or not.

*customer service*

Mr M is also unhappy with the customer service he's experienced throughout the transfer. I've tried to consider his concerns chronologically.

When a Prudential adviser wrote to Mr M in February 2017, in terms of his next steps she explained that he had the three options I mentioned earlier. Mr M is unhappy that he chose to go with an independent adviser, only to then find out he needed to seek help from a specialist and he wants Prudential to pay for the advice.

I don't think Prudential's adviser gave misleading guidance – Mr M engaged the services of an independent adviser but it was for that adviser to consider Mr M's situation to see if they were qualified to help or not. It turns out that they were not, so Mr M had to go elsewhere.

As the features of Mr M's pension required someone sufficiently qualified to consider this matter, paying the second adviser's fee or another adviser's equivalent is something that will always have been required. If Mr M was also charged by the initial adviser, this would have been something that he agreed to at the time, and if he is now querying the justification of any fee he may raise that with them directly. It was always for Mr M to think about his terms of engagement with any third party – that's not related to Prudential's role as the product provider.

Prudential recognised it could have been clearer and quicker when giving instructions to Mr M's adviser. But by paying interest on the delayed tax-free cash, I think Prudential have already reasonably compensated him for the impact of this. Prudential also pointed out that the delayed transfer benefitted Mr M as the value of his pension increased just short of £2,000 during the delay. So as Mr M isn't any worse off, I don't think Prudential need to do any more here.

Mr M is also unhappy with the service provided. I can see there was some confusion on Prudential's part as Mr M's initial adviser first logged a complaint, only for this to be reconfirmed and added to by Mr M at a later date. So when Mr M first complained, the concerns were amalgamated with the adviser's, meaning a complaint acknowledgment letter wasn't sent. I understand that Mr M made calls which were unreturned, but Prudential have apologised for this and paid £200 to recognise the trouble and upset caused. From what I've seen, I think this is a fair sum given the delay and service so I'm not asking them to pay any more.

**my final decision**

For the reasons explained above, I think the compensation offer is fair and reasonable in the circumstances. So my decision is that The Prudential Assurance Company Limited should pay Mr M £200 if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 April 2019.

Aimee Stanton  
**ombudsman**