

complaint

Mr R's complaint is about The Prudential Assurance Company Limited (Prudential). He says Prudential gave him the impression he could transfer two Individual Savings Accounts (ISAs) and then declined the transfers. He's also unhappy that Prudential performed checks on two other ISAs which weren't related to his transfer request.

background

Between November 2014 and October 2015 Mr R had four meetings with the business. All of his four ISAs had been discussed at some point.

In the third meeting Prudential said it would be more cost effective to transfer all four ISAs. However, Mr R asked to transfer only the oldest two and he signed consent forms for them. At the last meeting, Prudential declined Mr R's transfer request. It said the transfer wasn't cost effective and that it couldn't guarantee the performance it believed Mr R wanted.

Mr R says he was told he could proceed with the transfer without a recommendation or suitability report from the business. He refused to do so as he found that inappropriate. He then complained to Prudential about the matter. He also complained about Prudential performing checks on two ISAs that weren't related to his transfer request.

Prudential didn't uphold Mr R's complaint. It said:

- Its view on the transfer request was reasonable and had been accepted by Mr R at the time.
- Mr R could still invest in a Prudential ISA but he'd need to do so through a financial adviser.
- It couldn't have provided a suitability report for Mr R given that it made no recommendation to transfer his ISAs.
- Mr R agreed to Prudential performing checks on all of his four ISAs when he signed letters of authority for that purpose.

Mr R disagreed and referred his complaint to this service. One of our adjudicators considered it and agreed with Prudential, for reasons similar to those it had given. Mr R disagreed further and asked for the following:

- A hearing at our service.
- Compensation for loss of income, bad advice and wasted time.
- That Prudential removes from its records all information it received about him and his investments.
- An apology to him and his wife plus an acknowledgement of Prudential's poor service.

The complaint was then referred to me for an ombudsman's 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.

Mr R's request for a hearing was addressed separately. The request was declined, however he was given time to send us any additional information he would've presented at a hearing. Mr R did this and I confirm that I've considered the additional information he sent us. This includes his letter of 18 July in which he replied to Prudential's letter of 22 June.

Having considered all available information I've focused on the main issues within Mr R's complaint. For this reason, this decision will not address every single point made by Mr R and Prudential however I assure both parties that all their points have been considered, in the context of addressing the main issues.

I can understand Mr R's position in this matter. For almost a year he engaged with the business in good faith and with the aim of making the best decisions for his ISAs. I consider that the business also gave an equal measure of good faith in its dealings with Mr R.

Unfortunately a difference arose because Prudential's view on the suitability of a transfer didn't match Mr R's. I don't consider either side to be at fault in this regard.

The business was obliged to take an honest view of what was in Mr R's best interest. For that reason it declined potential business (and revenue) from Mr R. It is within its reasonable commercial discretion to accept or reject such potential business. In addition, I consider that its decision was also based on what it genuinely believed to be in Mr R's best interest, hence forgoing potential revenue for itself.

Prudential couldn't guarantee the level of performance sought by Mr R and I consider this to be a good reason to decline his transfer request. It also didn't think the ISAs should be moved, so it couldn't have been expected to produce a suitability report that recommended such a move.

Mr R disagreed and wished to continue with the transfer. He was entitled to that position. However, as Prudential said, he could've achieved that through an independent financial adviser (IFA).

I've also noted that Mr R had been a Prudential customer before this matter arose and that he invested almost a year in discussions without a transfer to show for it. I can understand why he says his time was wasted but that could've been avoided if he completed the transfer through an IFA.

I also consider that the discussions appear to have progressed in a reasonable fashion during the course of the four meetings. After the first meeting both sides agreed to review matters in the next financial year. The review meeting invitation was sent in that year and the last three meetings were held in three successive months.

I've seen the letters of authority signed by Mr R for all of his four ISAs and they do give his consent to Prudential in terms of performing the necessary checks. Prudential has offered to remove information gained on all four ISAs upon Mr R's request.

Mr R says additional matters to consider in this case are as follows:

- Prudential didn't uphold the regulator's principle related to "communication with clients". He says that it didn't give the financial review it promised, that its reason for declining his request wasn't clear and that it didn't follow up meetings with summary letters.

- Prudential didn't uphold the regulator's principle related to "customers' interests". The Compound Annual Growth Rates (CAGR) for the Prudential funds he wanted to transfer to were better than those for the funds he had at the time. It was in his interest to pursue a higher rate of return so, contrary to what Prudential said, there was a justifiable reason to move his fund.
- Prudential didn't uphold the regulator's principle related to "integrity". Despite its views, Prudential supplied information about "insistent clients" and could've supported his transfer request on an *insistent client* basis. Mr B clarified that he wasn't an insistent client as he never got that far, however he made this hypothetical point to suggest Prudential acted without integrity by supplying information it didn't follow.

In his complaint to Prudential and to this service Mr R didn't complain about the lack of a financial review or the lack of summary letters after his meetings with Prudential. As such, I'm not satisfied that these are complaints, in their own right, which the firm has had a reasonable opportunity to address.

There are limitations inherent in using a CAGR to assess potential returns of an investment. It doesn't properly account for volatility in the growth of an investment and it is a historical measurement which doesn't predict future performance. On balance, I'm not convinced that the point made by Mr R in this respect is enough to suggest that the transfers were in his interest.

A firm has reasonable commercial discretion as to whether it proceeds with a request like Mr R's despite its reservations (on an *insistent client* basis) or it declines the request because of its reservations. I'm satisfied that Prudential had the same discretion, despite the information it supplied.

I am very aware of the strength of Mr R's feeling and principle behind this complaint and I appreciate this wouldn't be the decision he was expecting.

Overall, the primary aspect of a complaint like Mr R's is a firm's reasonable commercial discretion in terms of business it decides to undertake or not to undertake. Such a decision can be properly reasoned but that isn't an absolute requirement. In the absence of discrimination, a firm's decision not to undertake new business could stand alone, without clear reasons, and remain reasonable.

I note that Mr R has challenged the reasons given by Prudential. He also says Prudential changed its reasons as the matter progressed. I agree with Mr R that Prudential's explanations have been lacking in some respects. However, I haven't seen enough evidence to suggest that its underlying discretion to decline Mr R's business was unreasonable.

my final decision

For the reasons given above, I do not uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 August 2016.

Roy Kuku
ombudsman

