

## **complaint**

Mr P is unhappy with the delays he says The Prudential Assurance Company Limited caused when he wanted to take his pension benefits. He says it advised him to see a financial adviser but it took a long time for that adviser to provide him with pension quotes. Because of this delay, the value of his pension has fallen. He also says that the adviser did not provide helpful advice.

## **background**

I issued a provisional decision on 4 July 2018. A copy is attached and forms part of this final decision. In that decision I explained that I was intending to uphold the complaint.

In response Mr P clarified that his complaint was not that it took a long time to see the financial adviser but it took him a long time to provide quotes. He also says he was not unhappy at paying for the advice charge. I have reflected this in this complaint section above. He also queried some of the dates in the provisional decision (which I will address later).

Mr P confirms that he has now received two lump sums from his pensions, one on 20 March 2018 and one on 8 June 2018. He has also received annuity payments from March and July respectively.

The Prudential did not accept the provisional decision.

I have read its response in full but, in summary, it said:

- It is not responsible for all the delay and it is not responsible for redress from March 2017. Mr P was also responsible for delays.
- It is not uncommon for businesses to have different departments dealing with different types of policy but it accepts it could have done more to coordinate matters.
- The adviser Mr P met with had said that he was of the view that after the first meeting Mr P did not require his services.
- Mr P was inconsistent about whether he was using a financial adviser or not.
- Mr P was aware that different departments were dealing with different pensions.
- It did not cause material delay.

The Prudential helpfully later provided some calculations based on the redress contained in my provisional decision. Of particular note was that the tax free cash from the PPP would have been higher if taken on 1 May 2017 (than 1 March 2017) but the RAC tax free cash would have been lower. And Mr P's annuity income now is higher than he would have obtained if he took benefits on 1 May 2017. So there was no loss going forward as to income. It also said that the 8% interest should be limited because of the time since May 2017.

## **my findings**

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

I thank the parties for their responses and have taken them into account.

Mr P has queried the date mentioned on page three of the provisional decision when he first met the financial adviser. This, as he says, should have been 20 December 2016, rather than 20 December 2017. That date of 20 December 2016 is correct.

He has also queried the date of 1 May 2018 under 'B' in the redress section for the lump sums, in the provisional decision. Mr P is correct that this should be 1 May 2017.

I apologise for those incorrect details.

I have considered the Prudential's response in full. I would say that:

- I understand the Prudentials' position regarding what happened when Mr P first met with its adviser. I discussed this in the provisional decision. Whilst I have taken into account its comments, I remain of the view that it did cause a delay here, not least because I do not believe it was made clear to Mr P what was to occur after he met with the adviser. I also do not believe that there is persuasive evidence that Mr P was regularly giving inconsistent messages in January 2017 about whether he was using a financial adviser or not.
- Mr P met with the adviser in February 2017 when he completed a fact find and was noted as 'happy' to take advice. That does not indicate that Mr P at that point did not wish to deal with a financial adviser. Quotes were then issued in March 2017. It is my understanding that Mr P did not meet with the financial adviser again. It might well be that after receiving the quotes Mr P did not wish to use a financial adviser anymore. But by this point the delays I discussed in the provisional decision had already occurred. If they hadn't then the issue of Mr P querying values with the Prudential would not have occurred.
- I do not agree that the separation between the department dealing with the PPP and that dealing with the RAC was as clear to Mr P as it was to the Prudential. I said in the provisional decision that having matters dealt with by two different departments who were sending information at different times and had different requirements would have been confusing to Mr P. I do not think there is anything unreasonable in Mr P expecting Prudential employees he had phoned (on various occasions) to be able to progress both his pensions. The fact that he did not highlight to the Prudential in calls which department (advisory or otherwise) was dealing with which policy is not surprising.
- I don't believe from listening to all the calls that Mr P was clear how taking benefits from the different pensions was to be progressed. As discussed in the provisional decision, I think this likely could have been avoided if more joined-up assistance had been given. It would appear from the Prudential's' own responses to Mr P's complaints that they recognised at the time that he has had difficulties obtaining the information and service that he required. I think the Prudential is placing far too

much responsibility on Mr P to have advised it what was taking place on each pension at various times.

- There is no explanation why it took from 25 January 2017 to 15 February 2017 for Mr P to be provided with a quotation for his RAC or the RAC process to be followed up. The Prudential employee said they were following this up in the call of 25 January.
- I didn't say that Mr P did not cause some delay. But I did say that the Prudential caused delay which would have meant that Mr P would likely have taken benefits earlier and it was not unreasonable for it to make good the effect of those delays.
- I took into account and discussed in the provisional decision that Mr P could have proceeded to take benefits from April 2017. I based redress on this and the fact that it was reasonable to assume that benefits could have been taken on 1 May 2017. I do appreciate that there is a significant amount of time between May 2017 and when Mr P took his benefits and made an accommodation for this in the redress. But a balance has to be struck between acknowledging the fact that if (in my view) the Prudential had not caused delays, Mr P would have likely taken benefits before April 2017 and the subsequent delay/issues would never have arisen, and the fact that Mr P may not have been as quick as he could have been at mitigating his position.
- I make an award that is necessary to fairly address Mr P's complaint. If the Prudential believes that it has been disadvantaged by the operation of this service then it should raise this separately.

I remain of the view that the complaint should be upheld.

The redress I suggested in the provisional decision was what I believed was a fair redress approach balancing that Mr P would have taken benefits earlier with the fact that he could have still taken them from April 2017.

***fair redress***

In terms of the TFC lump sums, the Prudential should pay Mr P the sum of C + D, where:

A – The pension lump sums that would have been paid to Mr P if he had taken benefits on 1 March 2017

B – The pension lump sums he would have received on 1 May 2017

C – (A - B)

D – Interest on C at 8% simple a year from 1 May 2017 to the date of my final decision

In terms of any past loss on the annuity payments, the Prudential should pay Mr P the sum of C + D, where:

A - The payments Mr P would have received had he taken benefits on 1 March 2017 – to the date he took his benefits

B - The payments he would have received had he taken benefits on 1 May 2017 – to the date he took his benefits

C – (A - B)

D – Interest on C at 8% simple from 1 May 2017 to the date of my final decision

In terms of any future loss on the annuity payments, the Prudential has said there is no loss going forward. But as it has said the figures are for information purposes only I will confirm my award.

The Prudential should calculate the cost of an annuity to pay any difference between the payments Mr P would have received on 1 March 2017 and that he received from the point he took his benefits - going forward. It should then pay this lump sum cost to Mr P, less 20% to allow for income tax that would have been payable on an annuity.

In terms of the upset and inconvenience caused I believe the redress the Prudential has already offered a fair amount and I am not considering making any further award in this respect.

**my final decision**

I uphold the complaint. Should Mr P accept this decision I require The Prudential Assurance Company Limited to calculate and pay the redress as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 October 2018.

David Bird  
**ombudsman**

copy provisional decision

## **complaint**

Mr P is unhappy with the delays he says The Prudential Assurance Company Limited caused when he wanted to take his pension benefits. He says it advised him to see a financial adviser but it took a long time to see that adviser. It also took a long time for the adviser to provide pension options. Because of this delay, the value of his pension has fallen. He also says that the adviser did not provide helpful advice and he is unhappy about paying the advice charge.

## **background**

Mr P had two pension policies with the Prudential:

- Policy ending 954, which was a Retirement Annuity Contract (RAC) and came with guarantees about the income that would be supplied.
- Policy ending 109, which was a Personal Pension Plan (PPP).

Mr P contacted the Prudential in October 2016 to obtain the values of his pension policies as he was looking to take his benefits. He then had a number of conversations with the Prudential (which I will set out in more detail later in this decision) in order that he could take his benefits. Mr P agreed to see a Prudential financial adviser.

However Mr P says the information provided by the Prudential to the adviser was wrong. At the time he says he wanted to take a lump sum from each pension and then an annuity with what remained.

He says the financial adviser told him to wait a month and he could get a lot more. He said the adviser told him the advice cost would be 2% but "*he wouldn't even notice it*" as the value will go up and the fee would be deducted before his new quote.

Mr P says that three months later the adviser had not contacted him. When he did manage to speak to him he was told the pension values had gone down.

In summary the Prudential says that it did not cause any material delays and it provided the information Mr P required when requested. It says Mr P changed his mind about using a financial adviser and this likely caused delays as there was a different process Mr P had to follow through the advised and non-advised routes.

## **my provisional findings**

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

My understanding is that this complaint is predominantly about the RAC – as that is the policy which suffered from a value reduction in 2017. However I believe that Mr P is also concerned about the time taken to access both of his pensions.

Mr P called the Prudential about his pensions on 24 October 2016. He said he was intending to take his pensions in January or February 2017. He mentioned that he was looking to take an annuity and not the whole pension(s) as a lump sum. It is mentioned that the Prudential can only provide figures for his RAC four weeks in advance – not, for example, February 2017. The guarantees provided by his RAC are discussed. A current value for the pension is given of about £78,000. The Prudential employee says that an 'options pack' will be sent setting out Mr P's pension options.

In the conversation with the Prudential on 8 December 2016 (which is with respect to Mr P's RAC) Mr P refers to receiving his pension information pack previously (although he did not have that with him). He says he had spoken to Pensionwise about his options and he thought that either an annuity or taking a lump sum and an annuity were probably his best options. But he did not have any figures so was uncertain. He also refers to completing a medical information form previously and is told that this probably relates to his other pension (the PPP).

The Prudential employee talks about the benefits of the guaranteed minimum level of annuity provided by the RAC and says this is only available via an annuity from the plan. The potential for Mr P to see a financial adviser is discussed and Mr P thinks this is a good idea. It is discussed that a fee might be charged for this. However Mr P mentions he would still like some figures.

It is explained that figures can be provided for the RAC but if Mr P proceeds down the advice route they would essentially be meaningless as the financial adviser route would supply new quotations. However some figures were provided for the value of the RAC.

It is said that the current value is about £79,000. Projected forward by a month the value of about £93,000 was quoted. Mr P then comments that it was obvious that he should wait at least a month. The employee says she can't comment about that and Mr P says that it is clear to him he should wait. It is worth noting at this point that Mr P was intending to take his benefits in February 2017 – so in excess of a month in advance in any event.

Mr P is then passed to another Prudential employee who supplies a current, non-guaranteed, value of about £32,000 for his PPP policy.

I have noted that it is mentioned by the Prudential employee at least four times in the conversation about the RAC that the figures are estimated, not guaranteed and can change at any time.

So in terms of Mr P being told to wait to take his pension (and the value *will* be more) – I have not heard any suggestion of that in the conversation. Furthermore it is not said that the value will definitely go up – it is made clear that the figures are estimates and can change. So any documents Mr P received illustrating the £93,000 figure (it appears he received at least one because he referred to it in 2017) would be non-guaranteed.

The change in value was brought about by the regular review of bonuses applied to such policies which happens on 1 April. The bonus amount was revalued downwards on 1 April 2017 – which led to Mr P's projected pension value being less than that previously quoted. That is unfortunate but is always possible with this type of plan.

On 20 December 2017 Mr P met with a Prudential financial adviser. The Prudential adviser says that Mr P said he was dealing direct with the Prudential and that he did not wish to

complete a 'Fact Find'. He says he met with Mr P again in February 2017 and as Mr P was happy to take advice a Fact Find was completed.

There is a call on 25 Jan 2017 in which further pension quotes were discussed and it was stated these would be sent out.

It is discussed in that call and then noted on the Prudential records that the adviser was only given one of the pension policy numbers (by Prudential in December 2016) and this had caused confusion. It was discussed that Mr P could be supplied with PPP quotes but the RAC quotes/process was being dealt with the advisory part of the Prudential and so the Prudential employee in the call said that he would chase that department to get that process going.

As I understand it the PPP quotes could be issued because Mr P had completed a declaration for the PPP previously but had not done so for the RAC. So a further options pack for the RAC was issued. However from what I can see that pack wasn't issued until 15 February 2017.

My understanding is that the Prudential is saying that as Mr P did not complete a Fact Find for the adviser in December 2016 and said he was dealing direct, the process of taking benefits did not proceed. It seems to say that Mr P had decided not to use a financial adviser from December 2016. It also says that he said in the call of 25 January 2017 that he didn't want to use the financial adviser.

Mr P, however, says that he told the adviser in December 2016 that he wanted to take TFC and an annuity from both pension plans. About the January 2017 call he says,

*"I am bemused why I would have said that I wasn't dealing with the adviser in January as at the time I was awaiting his predictions".*

I note that in the call of 25 January 2017 Mr P says he is dissatisfied with the service provided by the financial adviser, saying that,

*"He didn't get back to me" and "I can't understand why he came out and didn't do anything".*

It seems to me that Mr P thought that the adviser he met in December 2016 was dealing with his pensions and was waiting for him to contact him with progress or retirement projections. The call of 25 January 2017 certainly suggests that. The Prudential employee he was talking to at the time says errors had occurred and he would have to chase up the advisory part of the business. It seems the Prudential is suggesting that Mr P was told in December 2016 that the adviser could not proceed. But I have not seen evidence of that or any confirmation of that nature to Mr P.

I think the more likely version of events is that Mr P reasonably thought that he had left the adviser with his broad intention to take an annuity and TFC and the adviser would get back to him in due course. It may well have been that the Prudential could not proceed because Mr P did not complete a Fact Find but I have not seen that he was advised of that or that if his preference was to deal direct with the Prudential that he was told that he would now have to contact the Prudential (rather than wait for further contact from the adviser). I would have also thought that considering Mr P was discussing taking both his pension plans in December 2016, prior to his meeting with the adviser, that the Prudential would have given

the adviser both policy numbers (which it seems did not happen). This likely caused further confusion.

Consequently I do believe it is likely that a delay of about a month was caused at this point and the Prudential are responsible for that. I note that the Prudential made a payment for the inconvenience caused but that is not the only loss that might have occurred. What also has to be considered is what other loss that delay might have caused.

I have not heard Mr P say in the call of 25 January 2017 that he does not wish to use the financial adviser anymore. He says he is dissatisfied with the service he received and expresses surprise at the fact nothing happened after he met with him - but he does not say he does not wish to meet with him.

Given that only a few weeks after this call Mr P was chasing the adviser for a meeting, I think it unlikely that Mr P had decided not to use the financial adviser. He essentially says that from December 2016 to March 2017 he was using the adviser. He was trying to arrange a meeting with the adviser from the middle of February 2017 and a Fact Find was completed on 21 February 2017. So I am not currently persuaded that Mr P had 'changed his mind' about using the financial adviser between December 2016 and March 2017.

There is a call of 13 February 2017 to the Prudential by Mr P. He says that a couple of weeks ago he requested projections on both his pensions (I believe he is referring to the 25 January call) but has only received one.

It was arranged to chase this up so that Mr P could have the information for both his pensions.

The RAC options pack is dated 15 February 2017. This would seem to suggest that the request made for documents in the call of 25 January was not actioned (in the case of the RAC) for about 3 weeks. There would appear to be another significant delay here.

In a call of 16 February 2017 Mr P chases up the options packs. It is confirmed these were sent on 15 February 2017. Around this time it appears that Mr P was discussing his options with the Prudential financial adviser again as there is reference to text messages between them in mid-February 2017 and requests for 'open market' annuity options.

The adviser says he met with Mr P 'in February' and Mr P was 'now' happy to complete a Fact Find and take advice. A Fact Find was completed on 21 Feb 2017. Mr P said in a later 28 March call he had a financial adviser – so up to this point Mr P had not chosen not to deal with him – which marries up with adviser further involvement in Feb.

It would seem that the adviser agreed to provide open market quotes and there are quotes from three different annuity providers from 1 March and 2 March 2017.

It is unclear what occurred in this period up to the end of March 2017. There is some comment about the open market quotes not being acceptable and the adviser suggesting Mr P dealt directly with the Prudential. There also appears to be a Prudential RAC quote in mid March 2017.

In a call of 28 March 2017 Mr P says he has got the pension information but wants figures on a slightly different basis. He gives the RAC policy number. He is also asked if he is using a financial adviser at the moment and he says he is. It is confirmed by the Prudential that if

he is dealing with a financial adviser then they would have to request the figures. He is also told that the Prudential does not offer annuities anymore.

Mr P called the Prudential again on 3 April 2017. He confirmed he was not using a financial adviser. He is given a pension value of about £86,000 (RAC) and one of £34,000 (PPP). Mr P mentions that his paperwork for the RAC says the value is about £93,000. The Prudential employee says he will investigate that for him. Mr P questions how long that will take given he is trying to take his pension benefits and is told it will be no more than about two weeks.

It is then discussed that the options pack for the PPP has been received and the Prudential can now issue the application documents for the PPP.

Mr P calls the Prudential on 4 April 2017 and it is confirmed the investigation is ongoing into the difference in value in respect of the RAC. Mr P says this is delaying him taking his pension. He is given another number to call.

In this second call of 4 April 2017 Mr P confirms he wishes to take an annuity with his PPP and confirms he is not using a financial adviser. It is agreed that quotations will be sent and he is asked to call back if wants to go ahead with particular option.

Mr P was informed on 7 April 2017 why his RAC value had decreased (a revision of bonus rates). And he was also told in Prudential's response letter to his complaint of 24 May 2017 why they had decreased.

### **conclusions**

In my view there were significant delays which I currently believe have been caused by Prudential, between 2016 and March 2017. I have set out how the issues with the service provided by the financial adviser and the Prudential caused that delay.

I think it was also confusing for Mr P to have to deal on a regular basis with two different departments within the Prudential, depending on whether he was discussing or asking for information about his RAC or his PPP. Another layer of complexity was that the RAC had different requirements to satisfy to take benefits than the PPP. As an ordinary individual Mr P would not be familiar with this and would struggle to understand why he had different requests for different policies and was dealing with different departments. I appreciate that the Prudential had different departments but I do not see why Mr P could not have had a single point of contact that could have handled matters for him. It is not Mr P's fault that the Prudential separates its business in this way. I think this also contributed to the delay over time.

It seems to me that if the adviser had dealt with both policies in December 2016 and the process been efficient and 'joined up' that Mr P would have very likely taken benefits earlier.

Given Mr P already had a view, although not firm, about the type of benefits he wanted to take when he first approached the Prudential, it is not unreasonable to say that the process of taking benefits could have been completed in at most 8 weeks. That would be from the point that Mr P first met with the adviser. It certainly could have been completed before 1 April 2017.

Given that, my provisional view is that Mr P would have obtained the RAC benefits applicable before the rate change on 1 April 2017. He would have also obtained the PPP

benefits based on its value at this time. In terms of exactly when his pension benefits would have been taken, it is difficult to pinpoint an exact date. But I think the adjudicator's suggestion of 1 March 2017 is fair.

I will take into account that Mr P was told why the difference occurred in the RAC value in April 2017. I have not currently seen good reason then why he could not arrange to take his benefits. He did not need to wait until the end of this complaint process. I will allow for this in the redress I will suggest.

What this means is that Mr P should have taken any TFC lump sums and income fairly shortly after April 2017. For the purposes of a fair redress calculation I will suggest a date of 1 May 2017. Therefore any difference in this respect would, technically, be based on that between what he would have received in March 2017 and 1 May 2017. If the Prudential cannot carry out such a calculation it should let me know.

This does make the redress fairly complex and involved but I have set out what I believe would be fair in these circumstances.

***fair redress***

I understand that Mr P has now taken benefits from his PPP and his RAC. As Mr P was intending to take TFC lump sums from his pensions I will assume that has happened. The parties should let me know if that did not occur.

So in terms of the TFC lump sums, the Prudential should pay Mr P the sum of C + D, where:

A – The pension lump sums that would have been paid to Mr P if he had taken benefits on 1 March 2017

B – The pension lump sums he would have received on 1 May 2018

C – (A - B)

D – Interest on C at 8% simple a year from 1 May 2017 to the date of my final decision

In terms of any past loss on the annuity payments, the Prudential should pay Mr P the sum of C + D, where:

A - The payments Mr P would have received had he taken benefits on 1 March 2017 – to the date he took his benefits

B - The payments he would have received had he taken benefits on 1 May 2017 – to the date he took his benefits

C – (A - B)

D – Interest on C at 8% simple from 1 May 2017 to the date of my final decision

In terms of any future loss on the annuity payments, the Prudential should calculate the cost of an annuity to pay any difference between the payments Mr P would have received on 1 March 2017 and that he received from the point he took his benefits - going forward. It

should then pay this lump sum cost to Mr P, less 20% to allow for income tax that would have been payable on an annuity.

In terms of the upset and inconvenience caused I believe the redress the Prudential has already offered a fair amount and I am not considering making any further award in this respect.

**my provisional decision**

I currently intend to uphold the complaint and make the award set out above.

David Bird  
**ombudsman**