

complaint

Mr B complained the annual statements he received from The Prudential Assurance Company Limited (Prudential) over-stated the value of his pension fund.

background

In 1997 Mr B had three plans in his employer's pension scheme (PS). These were closed for further payments when his employer set up a Group Personal Pension (GPP) and Mr B started a new plan with the GPP.

Initially Prudential started to transfer Mr B's three plans from the PS into the GPP. For reasons that aren't clear, they were told to stop this transfer. Prudential failed to properly cancel the transfer and only cancelled it for one plan and the other two plans were transferred into the GPP scheme.

As well as this mistake, Prudential also sent Mr B annual statements with the wrong values from 1997 to 2013. Mr B's statements for his GPP plan wrongly included the values for all three of his PS plans as well as his GPP plan. His PS statements only showed the value for one of the three plans. No statements were sent out after 2013.

Mr B's independent financial adviser (IFA) complained to Prudential in 2014 after he was told plan values that were much lower than expected. Prudential investigated and admitted their mistake. They apologised to Mr B and offered him £1,000 for his loss of expectation. It's understood they returned all the plans to the PS that should have remained there in the first place. Prudential also admitted that when they discovered their mistake they could have let Mr B know how this affected his GPP plan value.

The adjudicator at this service thought Prudential's offer was fair and reasonable. Mr B and his IFA didn't agree. The IFA accepted Mr B shouldn't be paid the full value that had been wrongly quoted, but said Prudential should increase their compensation because:

- Mr B had been very impressed with the performance of his pension plans. He thought that he would be well off in retirement.
- Mr B had suffered a loss as he didn't make additional contributions.
- Mr B would have made additional contributions if he knew his value hadn't performed as detailed in his statements.
- Mr B should be awarded a sum representing the additional monthly contributions he could have made including growth.

my findings

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

Prudential admit they failed to properly cancel the transfer in 1997 and then sent out statements giving the wrong plan values for many years. These mistakes caused a loss of expectation for Mr B, as he isn't entitled to the values he was sent. The plans have now been returned to their correct schemes and the correct values provided. So Mr B is in the position he would have been in, if Prudential had not made the mistake.

Mr B says that because he would have made additional contributions if he'd known about the correct values, Prudential should give him a further payment. But I don't think there's enough evidence to support this and so a payment representing contributions he might have made would put Mr B in a better position than he should be in. No extra payments could have been made to the PS plans anyway after 1997.

Although the GPP statements showed a higher value than was right, the PS plan values showed too low a value. Mr B would have known the values of his PS plans at the time he opened his GPP plan, and I would have expected final value information to have been provided. And Mr B would have known what was being regularly contributed to his GPP once it started. I think this should have reasonably raised his concerns about the values given on his statements, particularly in the earlier years.

I've also seen that Mr B says he didn't make any real increases in contributions other than to keep pace with inflation, as he was pleased with the values. Mr B says he was particularly pleased with his fund growth, which seemed to be "*very impressive and sustained*". I think this should have raised Mr B's concerns about the values he was being sent. As he would have known what his contributions were and it would have been apparent that the growth he was having went against general financial conditions and performance over this time. I also accept the statements sent to Mr B also clearly said that figures provided weren't guarantee.

So it would not be fair for Prudential to pay Mr B any compensation for potential contributions he could have made but didn't, because there were reasons for him to question the values being sent to him. In any event Mr B has already had the use of money he didn't use for potential contributions over the years.

Prudential has now corrected the fund value and apologized for their mistakes. I think their offer of £1,000 is fair for his loss of expectation and upset. This will have been a worrying time for him and he should have been able to trust Prudential to manage his plans properly.

my final decision

I uphold Mr B's complaint in part and direct The Prudential Assurance Company Limited to pay Mr B the £1000 they have offered, if they haven't already paid this to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 January 2016.

Louise Wilson
ombudsman