

complaint

In summary Mr B has complained that when he took benefits from his pension plan, the transfer value provided by The Prudential Assurance Company Limited was less than originally quoted by it. He thinks it should have told him the transfer value could reduce in a short period of time. And he thinks the explanations provided by it weren't very clear.

background

In March 2017 Mr B asked Prudential for an up to date value for his pension fund. It wrote to him and explained that his policy provided an income. It said that the current value of his pension was £232,054.01 and that this value wasn't guaranteed.

Mr B then met with one of Prudential's advisers on 27 March 2017 to discuss his financial planning needs. Following that meeting, the adviser sent Mr B a suitability report with his recommendations as to how he should take benefits from his pension.

A further appointment was made for Mr B to meet with the adviser on 3 April 2017, to go through the recommendation and complete the paperwork. On 18 April 2017 Prudential contacted Mr B to tell him that the value of his fund had reduced. His fund was then valued at £191,629.96.

Mr B asked Prudential to explain why the value of his fund had reduced so significantly in such a short period of time. It wrote to him on 3 May 2017. It explained that his pension was annuity based. Some elements of it were guaranteed and others were not. And to obtain a fund value it converted the annuity into a lump sum. And it had declared its annual bonus on 1 April 2017, which had resulted in the value of Mr B's pension reducing.

Prudential then wrote to Mr B again on 9 May 2017. It explained that it had made a mistake as the transfer value of £191,629.96 it had given him was incorrect. It said the fund value should be £213,383.84. It offered Mr B £400 for the distress and inconvenience caused by its mistake.

Mr B's complaint was looked into by one of our investigators. She didn't uphold it. The complaint was subsequently looked into again by another of our investigators. In summary she didn't think Prudential should have used the quotes Mr B was given in March 2017, as they were provided before the bonus declaration changed on 1 April 2017. And the transfer value of Mr B's policy was always going to be based on the value at the time of transfer. She didn't think the transfer could have been completed before the change in bonus declaration on 1 April 2017. She also didn't think Prudential were required to announce when or how much the bonus declarations would be in advance.

As Mr B didn't agree with what the investigators said, the case has been passed to me 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 decided not to uphold Mr B's complaint. I'll explain why.

I do understand that Mr B was upset and disappointed when he was told that the transfer value of his pension had reduced after he had accepted Prudential's recommendation.

It's not in dispute that after Mr B agreed to transfer his pension to a new arrangement, the revised value he was initially given was incorrect. And Prudential has offered to pay compensation to Mr B for the upset and inconvenience caused to him as a result of it giving him an incorrect revised transfer value. And I think it's right that it has offered Mr B compensation for the upset it's caused him as a result of the incorrect information it gave him.

But Mr B has still been left with a reduced transfer value, compared to what he was quoted in March 2017. So I've thought about whether Prudential has done anything wrong during the advice process.

From what I've seen I don't think Prudential caused any delays when it advised Mr B and organised the transfer of his pension. I say this because its adviser met with him on 27 March 2017 and a further appointment was made to go through the recommendation report and complete the paperwork on 3 April 2017. So in this case from everything I've seen, I think that the report was completed and another meeting arranged with Mr B in a reasonable time frame, after the initial meeting. So I don't think Prudential caused any delays here. And I think in this case taking into account what work needed to be done after the initial meeting, it was unlikely that the transfer could have been completed before 31 March 2017.

I've also thought carefully about Mr B's argument that Prudential should have told him that bonus rates could change. The announcement of changes in and the calculation of with profits bonuses is commercially sensitive information. And it's not something this service would normally interfere with.

Prudential aren't required to announce when they intend to declare bonuses or by how much. The quotations provided to Mr B by Prudential explained that the transfer values weren't guaranteed. So I don't think I can say that in this case Prudential did anything wrong by not specifically pointing out to Mr B that it would be declaring its bonus on 1 April 2017. And like a lot of pension providers, Prudential tend to make their bonus declarations at the same time each year. Although Mr B's transfer value did reduce, it's equally possible that it might have increased as a result of any change in bonus declaration.

my final decision

I am aware that The Prudential Assurance Company Limited has made an offer to pay Mr B a total of £400 for the inconvenience he's been caused. I conclude that such an offer is fair and reasonable in all the circumstances.

My decision is that The Prudential Assurance Company Limited should, subject to Mr B accepting my decision; pay Mr B £400 in respect of the inconvenience he's been caused (if it hasn't already done so). And I make no further award. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision by 29 November 2018.

Simon Dibble
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