

complaint

Mrs W has complained about the advice she was given by The Prudential Assurance Company Limited in relation to her pension transfer. She has said that during the months she was in contact with Prudential she wasn't given any indication that there could be a problem with the transfer. It was only when she had resigned from her job that she was told the transfer couldn't happen. As a result she has been left without any income.

background

Mrs W was employed by a company which provided her with an occupational pension scheme. Around the beginning of 2017 Mrs W was considering retiring (at age 60) and was exploring her options regarding how to take her pension until she became eligible for the state pension when she turned 66. She approached Prudential and met with an adviser in February 2017. At the same time Mrs W signed a letter of authority which gave Prudential the authority to approach her current employer to get details of the pension. This was dated 8 February 2017.

Mrs W says she gave all her pension details to the adviser at this point in time. She says she understood that Prudential wouldn't be able to act for her until she retired. So Mrs W kept in touch with the adviser keeping her informed of what her employment plans were. A few months later Mrs W informed Prudential that she intended to retire with her leaving date being set for 2 May 2017. Mrs W also sent the adviser her last payslip because she had planned to receive a monthly payment from her pension which was the equivalent to her monthly wage.

Mrs W didn't hear anything until 23 May 2017 when she received an email from the adviser informing her that the transfer couldn't go through and that there was nothing further the Prudential could do for her.

This left Mrs W in the position of having resigned with no other employment to rely on and with no income.

Prudential investigated Mrs W's complaint but felt it hadn't done anything wrong. It raised questions over how much information Mrs W had actually given to the adviser and questioned whether she had given the correct information. It also stated that Mrs W had made her decision to retire on her own without any influence from the adviser. It explained that its licence is for the transfer for Defined Benefits pension scheme only and didn't encompass a Defined Contribution arrangement which is what Mrs W's pension was. And that no formal advice was given and that no guarantee had ever been given to Mrs W that the transfer would definitely take place. It did, however, acknowledge that the situation Mrs W had been left in was "awkward".

The investigator who assessed the complaint was of the view it should be upheld. She acknowledged that the transfer couldn't take place because Prudential didn't hold the correct licence to facilitate this type of transfer. So nothing could be done to change this. But she was of the view that had Mrs W known earlier that Prudential couldn't facilitate the transfer she would have acted differently. And that she should have been made aware of this earlier than she was so she could have gone elsewhere to get the right advice on her pension before she left her job.

Ultimately she felt that Prudential could have done more to prevent this situation and the result of this was that Mrs W was left in a very vulnerable position not having any income which understandably has caused Mrs W a great deal of stress. She therefore felt that a payment of £500 should be award to Mrs W in recognition of this.

Prudential didn't agree with the assessment. It remained of the view that it hadn't done anything wrong. But it did acknowledge that it could have approached Mrs W's then employer from the point at which she signed the letter of authority, 8 February 2017. And had this happened it's very likely that Mrs W would've been informed earlier than she was that the transfer could not take place. In recognition of this, while it refused to pay the £500 suggested by the investigator, it counter offered to pay Mrs W £100.

The investigator considered Prudential's arguments but didn't fell she should change her assessment. So as no agreement could be reached the complaint has been passed to me to 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 have come to the same conclusion as the investigator.

Firstly, as unfortunate as this situation is, there is nothing I can do about the failure to transfer Mrs W's pension fund to Prudential. Mrs W's pension scheme is a Defined Contribution arrangement with some Defined Benefit features rather than a Defined Benefit arrangement. So Mrs W's scheme didn't meet Prudential's criteria for transfer. So I can't make Prudential do something it is physically unable to do.

However, I do think that Mrs W should have been told that the transfer wasn't able to take place much earlier than she was. I don't think Prudential did enough in this respect and the consequence is quite significant for Mrs W - being left without work and without income isn't something that should be considered lightly.

Mrs W signed the letter of authority on 8 February 2017. This gave Prudential the authority to approach her employer to enquire about the pension she held with it. In my view this should have been done around that time. I have seen nothing from Prudential that sufficiently explains why this didn't take place. Had this happened Mrs W would have known very early on in the process that Prudential was unable to transfer the pension in the way she wanted and so could have reconsidered leaving her job and approached a different pension adviser.

I also think that even if enquiries weren't made at this point in time with Mrs W's then employer I think the risk of the transfer not happening should have been explained to Mrs W. It's reasonable that the adviser should have explained to Mrs W what could and could not be done within Prudential's remit, at the very least to manager her expectations. I can't see that this happened. Indeed, she had no indication at all that the transfer may not take place. I agree she wasn't given a guarantee that it would take place but she wasn't told it might not and we know Mrs W was of limited knowledge in respect of her options. This is presumably why she went to Prudential in the first place because she needs someone who was well versed in such matters to help her out.

I agree Mrs W didn't leave her job because of any discussions she had with Prudential. It would appear that she was contemplating the idea the before she met with Prudential. But I think perhaps she left her job when she did down to the discussion she had with Prudential and the fact that she wasn't given any indication that the transfer was at risk.

I also think it's reasonable for Mrs W to have relied on Prudential to have done all the investigations necessary to ascertain what type of scheme she held and to then inform her in a timely fashion whether there were any implications for her.

Ultimately because Mrs W wasn't made aware that the pension transfer could be at risk, and in fact very little contact was made with her by Prudential in the run up to her resigning from her job Mrs W has been left with no income. She has also had to start the pension process all over again which will be lengthy and she also could be affected by a lower pension value.

As I have mentioned this is a grave situation to be in so I think this needs to be adequately recognised and I don't think the counter offer Prudential has made does this. I think the suggested of £500 in recognition of this is more suitable given everything I have seen.

my final decision

My final decision is that I uphold this complaint. The Prudential Assurance Company Limited should pay Mrs W £500 in recognition of the impact its error and inaction has had on her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 16 February 2018.

Ayshea Khan
ombudsman