

complaint

Mr N complains about the delay in transferring his pension from The Prudential Assurance Company Limited to another pension provider outside the United Kingdom. Prudential offered Mr N compensation of £200 which he feels is inadequate.

background

In June 2016, Mr N began the process of transferring his pension from Prudential to another pension provider in a country outside the UK. The funds were eventually transferred in February 2017. Besides the overall delay in transferring the pension fund, Mr N complains that there were customer service issues throughout the process namely:

- There were delays in getting through on the phone to Prudential;
- Prudential still used an address in the UK for him although he had moved abroad and it needlessly contacted his mother by phone at that old address;
- There were delays because Prudential wouldn't communicate by email and the postal service was slow;
- There was no continuity of service with Prudential and he and his representatives were moved from adviser to adviser.

Mr N says that apart from the frustration caused by the delay he suffered financially. Mr N feels that he has suffered from the fall of sterling whilst he awaited the transfer. Mr N also complains that he lost out on the performance of his new providers fund which he says performed "*exceptionally well*" during the period that Mr N was waiting for the transfer.

Prudential responded to Mr N's complaint on 17 May 2017. In respect of the customer service issues, Prudential said that it had a large number of phone enquiries at about this time which caused delays in it responding to customers; Prudential accepted it should have used Mr N's new address and shouldn't have contacted his mother; Prudential says that for fraud prevention and on the advice of its crime prevention team it contacts customers by post but can't control the speed of delivery though the postal service.

In respect of the overall delay in transferring the pension fund, Prudential didn't feel it was responsible for any delay in processing the transfer before 13 October 2016 as it says it was unclear how Mr N wanted his pension transferred. At different times Prudential says it was asked to do a transfer based on an open market option ("OMO") and then an Uncrystallised Funds Pension Lump Sum Transfer ("UFPLS") and eventually a full transfer to another pension provide outside the UK.

Prudential accepts that the type of transfer Mr N wanted to do was clarified by 13 October 2016. Prudential says that if at this point it had requested all of its requirements and talked to the new provider on the phone, it could have received these by 26 October 2016 and transferred the pension fund with a then value of £34,239.41 by 2 November 2016.

Prudential didn't actually transfer the fund until 10 February 2017 and it accepts responsibility for the delay for the period from 2 November 2016. The amount transferred in February 2017 was £34,463.36. So, Prudential offered to look at any investment loss Mr N suffered in the period after 2 November and also offered to pay Mr N £200 for his distress.

Our investigator's view

Our investigator felt that there were significant delays by Prudential before October 2016. She felt that if Prudential had avoided unnecessary delays, the transfer would have taken place by 24 August 2016. She felt that this extended the frustration Mr N experienced and that his compensation for poor customer service should be increased to £400. Prudential disagreed and asked for a review.

my provisional findings

I reviewed this complaint and set out my provisional findings under the following headings:

Delay in transferring Mr N's pension fund

I said that I had carefully analysed the correspondence flowing between Prudential, Mr N, Mr N's financial adviser and his new pension provider to understand why it took so long to transfer Mr N's pension fund. I noted that the process began when Mr N appointed a financial advisor in April 2016.

1. June 2016-July 2016:

I said that during this period, there appeared to be some confusion between Mr N, his financial adviser and Mr N's new pension provider as to what type of pension transfer Mr N actually wanted. I noted for example that Mr N wrote to Prudential asking for the release of his 25% tax free cash lump sum and the transfer of the remainder to his new provider, what's known as an Open Market Option ("OMO"). But I noted that at the same time Mr N sent in a form for an Uncrystallised Funds Pension Lump Sum transfer. I noted that Mr N then confirmed that he wanted an OMO and the relevant forms were sent to the financial adviser and Prudential wrote to the new provider asking if it would accept the OMO.

2. August 2016-October 2016:

I noted that during this period the application proceeded on the basis that it was an OMO. I noted that there were several letters from Prudential to the new pension provider asking it to complete some documents in order to transfer the pension fund as an OMO. I also noted correspondence to Mr N asking for identification documents as the documents he sent in weren't acceptable as they weren't utility bills. But on 11 October 2016 Mr N's financial adviser phoned to say that this transfer wasn't to be an OMO but a full transfer.

3. October 2016-February 2017:

I said that on 13 October 2016, Prudential sent the documents to complete a full transfer to the new pension provider which was based outside the UK. The new pension provider responded on 19 October to say that it wanted a full transfer of the funds to a QROPS or Qualifying Recognised Overseas Pension Scheme. Prudential sent these forms to the new pension provider on 14 November and they were returned on 23 November. Prudential said in its letter to Mr N of 17 May 2017 that if it had acted correctly on 13 October 2016 and communicated all its requirements to the new pension provider including by phone that it would have received those documents by 26 October and transferred the pension fund no later than 2 November. I noted that Prudential gave no reason or made any excuse for the subsequent three month delay in transferring Mr N's pension to his new pension provider.

Service issues

I then looked at Mr N's complaint of problems he had dealing with Prudential. I noted that Prudential had accepted that its service fell down because of the heavy volume of calls about retirement claims it was receiving when Mr N was made his enquiries and hadn't responded as it would have hoped to have done. I noted that it had also accepted that it had used an old address for Mr N when he had clearly moved and it had contacted Mr N's mother by phone at that old address.

I said that Mr N felt that it was frustrating to dealing with Prudential by post rather than email. And with a number of advisers and not just one, I summarised why Prudential felt that such a system was acceptable and I said that I couldn't fairly say that such a system was unreasonable.

Summary

I then summarised my findings on this aspect of the complaint. I noted that our investigator was concerned that Prudential had caused unnecessary delay in the process during periods 1 and 2 above by asking for duplicate documents and not responding promptly to Mr N's reasonable requests. So, he had felt that Prudential should have transferred Mr N's pension by 24 August 2016.

But I said that it appeared to have been the case that during these two periods there had been an amount of confusion between Mr N, his financial advisor and his new pension provider as to the type of pension transfer that Mr N wanted. I considered that during this time, Prudential had responded to what Mr N wanted but that the nature of what he wanted had changed. So, I believed that any delay until October was primarily caused by that and a period when Prudential waited for a response from Mr N's new pension provider.

I noted that Prudential had asked for a copy of Mr N's bank statement on two occasions. But whilst I said that I understood this must have been frustrating to Mr N, for the reasons I have referred to above, I said that I didn't believe that it caused any unnecessary hold-up in the process.

But I noted that Prudential offered no explanation for the three month delay in transferring Mr N's pension fund from November 2016 until February 2017. I noted that this must have been a very frustrating time for Mr N particularly as it was quite a substantial sum of money for him and as it was his pension, was clearly important to him. I said that In view of that and the fact that Prudential's service fell below standard in some areas, I believed that a figure of £400 is more appropriate compensation for Mr N's trouble and upset than the £200 originally offered by Prudential and on that basis I said that I intended upholding this complaint.

Redress for financial loss

I then looked at whether Mr N suffered any financial loss because of the delay in transferring his pension fund. I noted that In its letter to Mr N of 17 May 2017 Prudential said that "*To ensure you have not been financially disadvantaged, I have written to the new pension provider today for confirmation of any investment loss assuming we had sent them funds at an earlier date.*"

I noted that Prudential wrote to Mr N's new pension provider on the same date to ask for information about what funds were purchased in February 2017 and the price of those funds in November 2016. It had also asked about "*any currency fluctuations that may have affected the investment.*" I said that I didn't have any further information about the result of those enquiries.

I said that I expected Prudential to put Mr N's pension into the position it would have been in had it transferred his pension to the new pension provider on 2 November 2016 and not 10 February 2017. To do so, I said that Prudential should establish:

- The investments purchased by Mr N's new pension provider on 10 February 2017.
- The unit prices of those investments on 2 November 2016.

And that it should then calculate

- How many of those investments could have been bought by Mr N's new pension provider if it received the Euro equivalent of £34,239.41 on 2 November 2016.
- If those investments had then been bought on 2 November 2016, their value on 10 February 2017.

I said that if, after performing this calculation, the value of those investments is higher than the amount that was paid over to the new pension provider by Prudential on 10 February 2017, Prudential should pay to Mr N's new provider the difference to be credited to Mr N's new pension. I noted that the amount paid over to the new pension provider on 10 February was the Euro equivalent of £34,463.36.

I said that Prudential should also pay interest on that difference, if any, at the rate, of 8% per annum from 10 February 2017 to date of payment .I noted that Prudential should also confirm that as this compensation is to be paid into a pension in another country, that there are no regulatory or other issues that would prevent them paying compensation as outlined.

As this was my provisional findings I invited both Mr N and Prudential to make further submissions and to provide further evidence which I would consider.

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 N's representative responded to say that the fund which Mr N should have invested in rose in value between 2 November 2016 and 10 February 2017 and so the number of units that could be purchased by Mr N's pension plan was significantly reduced. He also reminded me that the actual date of transfer was 13 February 2017.

Prudential responded to say that it was generally in agreement with the redress methodology but that as the unit prices were purchased on 13 February – the next working day after the QROPS funds were sent, that the unit prices should be calculated on 3 November rather than 2 November 2016.

There is a disagreement between Prudential and Mr B's representative as to whether there has been any actual loss. I note that Mr B's representative says that as the fund increased in value, Mr B suffered a loss by not investing earlier. Prudential has produced a calculation which shows that the loss Mr B may have suffered because of the increase in value of the fund was offset by the increase in value of sterling against the Euro during this period. Prudential says that it shared this calculation with Mr B's new pension provider and asked it if it disagreed with the calculation but hadn't heard further.

Neither Prudential nor Mr B's representative disagree with the method of calculation of Mr B's financial loss as set out in the Provision Decision. So, I will use that method of calculation in my final decision. It may well be that Mr B has suffered no financial loss as Prudential believes. But it may also be the case that the new pension provider may yet respond to Prudential's enquiry so I don't believe that I can yet definitively state that Mr B has suffered no financial loss. Both Mr B's representative and Prudential have suggested that there should be a slight alteration to the dates relevant to the calculation which I accept and have brought into the calculation.

The one other issue is that Prudential believes that the increase in the award from £200 to £400 suggests they are being held responsible for all the trouble and upset caused to Mr N although the provisional findings suggest otherwise. I have been careful to distinguish between periods which I have held Prudential at fault for the delays and when I believed they weren't at fault. In view of Prudential's comments I've looked at the award again. This complaint is only against Prudential. The delay caused by Prudential was over a lengthy period and related to a matter of great importance to Mr B and lacks proper explanation. I believe that £400 more properly compensates him for his trouble and upset than £200 offered by Prudential.

For the reasons stated and subject to the slight amendments I refer to above, I believe that my provisional decision represents a fair outcome to this complaint. So, I uphold this complaint on that basis.

my final decision

I uphold this complaint and order The Prudential Assurance Company Limited to:

1. Pay Mr B £400 as compensation for his trouble and upset

2. To establish and pay Mr B his financial loss (if any). In order to do so, Prudential should establish:

- The investments purchased by Mr N's new pension provider on 13 February 2017.
- The unit prices of those investments on 3 November 2016.

It should then calculate

- How many of those investments could have been bought by Mr N's new pension provider if it received the Euro equivalent of £34,239.41 on 3 November 2016.
- If those investments had then been bought on 3 November 2016, their value on 13 February 2017.

If, after performing this calculation, the value of those investments is higher than the amount that was paid over to the new pension provider by Prudential on 13 February 2017, Prudential should pay to Mr N's new provider the difference to be credited to Mr N's new pension. I note that the amount paid over to the new pension provider on 13 February was the Euro equivalent of £34,463.36.

Prudential should also pay interest on that difference, if any, at the rate, of 8% per annum from 13 February 2017 to date of payment. Prudential should also confirm that as this compensation is to be paid into a pension in another country, that there are no regulatory or other issues that would prevent them paying compensation as outlined.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 January 2019.

Gerard McManus
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