

## **complaint**

Mr A has complained that The Prudential Assurance Company Limited (Prudential) delayed paying £10,000 to him from his pension plan and as a result Prudential did not pay it in a tax year in which he was a non-taxpayer.

## **background**

Mr A has provided a form from HMRC that shows that he would not have paid income tax on the £10,000 if Prudential had paid it in that tax year (2015/2016). When Prudential did not make the £10,000 payment in time for the 2015/16 tax year he cancelled the request and is now taking regular income in the tax year 2016/2017.

Prudential has paid Mr A £200 for trouble and upset, £25 for the cost of telephone calls and £60 for his credit card charges.

Mr A has a buy to let business and says he will most likely pay at least 20% income tax this year. The adjudicator said that the business should offer to pay to Mr A the £2,000 income tax that he will have to pay on the £10,000.

In response, Prudential said that it is not possible to accurately assess the extra tax incurred until the end of 2016/17 tax year, when Mr A can show what tax he paid on the extra £10,000 of income paid this year that should have been paid last year.

I note that in its letter dated 9 September 2016 it has reconfirmed its offer to assess Mr A's loss when they receive the details of the actual tax paid on the £10,000 of income paid in this tax year.

Mr A says:

*"I am not satisfied with the response from the Prudential. I provided all the information and evidence that they initially requested and they have admitted that they failed to process my request to the normal service standard expected. It is also appreciated that they want some sort of evidence of loss. They know that I will have an income in excess of the personal allowance in 2016/17 (currently £10600) as I will receive £10,000 in current monthly pension income drawdown alone. In addition I have income from property. I appreciate that the exact amount will not be known until April 2017."*

And

*In my view, it is very clear that the Prudential are not in agreement with your findings. At the very least they should state clearly why this is not the case and whether they are prepared to grant any compensation now or in the future.*

## **my findings**

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

It is clear in this case that it has been agreed by Prudential that it failed to make the payment to Mr A in the tax year 2015/2016. The payment was made after 6 April 2016 in the 2016/2017 tax year.

As a result the £10,000 may be subject to tax at 20%. Mr A says that it should have been paid last year when he would have paid no tax on it and he wants the £2,000 refunded to him by Prudential.

Prudential has paid Mr A £285 so far for the problems that it caused. It has also agreed to assess and compensate any extra tax that Mr A will have to pay in April 2017 in respect of the 2016/17 tax year following its mistake.

Prudential has agreed that it will determine the extra tax paid by Mr A when it receives the agreed tax return completed by Mr A for the 2016/2017 tax year

In my opinion the offer from Prudential is fair and reasonable as it will only be after the end of the tax year that it is aware of the tax that the extra payment has been subject to and the loss that has been caused to Mr A.

#### **my final decision**

I uphold the decision against The Prudential Assurance Company Limited.

I direct that as well as the payments already made to Mr A that Prudential pays any extra tax paid on the £10,000 withdrawal that Mr A can show that he has suffered when his tax return is completed after 6 April 2017.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 November 2016.

Adrian Hudson  
**ombudsman**