

complaint

Mr M's complaint is that The Prudential Assurance Company Limited quoted incorrect figures that he based his retirement decision on. Mr M wants Prudential to honour the figures quoted.

background

Mr M had a pension with Prudential and he's recently taken his benefits from this plan. In 2016, Prudential contacted Mr M in the months leading up to his retirement date inviting him to select his benefits.

In April 2016, Prudential wrote to Mr M and his advisers to say that as the normal retirement date had now been reached, it had changed his selected retirement date to 75. And if Mr M wished to take his benefits before then he would need to contact them. The letter explained that the plan had been switched into a cash fund in line with the terms and conditions. But that Mr M could contact them to switch the funds elsewhere if he wished to do so. The fund value was given as £136,102.90 but it said that this was an approximate value. The letter also explained that Mr M's plan had a valuable guarantee attached to it that would be lost if he didn't take an annuity with it between the ages of 60–75.

On 17 November 2016, Prudential sent quotations following enquiries from Mr M's advisers; this showed a value of £131,550.15. This was a guaranteed quote for 30 days.

Mr M's advisers then wrote to Prudential to question the difference in quotations, especially as the funds had been transferred to cash so they ought not to have dropped. Prudential wrote back approximately three months later to say the values issued in April had been incorrect and they should be ignored.

Later in the year Mr M and his advisers asked for more clarification over the fluctuating valuations of the fund. Prudential responded on 6 November 2017 to say that system generated values for Mr M's plans were incorrect and the valuation needed to be calculated manually. Prudential confirmed the correct value as at 31 October 2017 as £135,869.99. And said the quotations requested would follow shortly.

Just three days later it sent the quotation to Mr M and his advisers and it said the value was £140,683.08 but that this was an approximate figure and could change.

On 20 February 2018, Prudential sent a quotation to Mr M and his advisers; this quoted a fund of £141,958.33. The quotation said that the figures were not guaranteed. The fund at this point was invested in cash. And following this quotation Mr M decided to take his retirement benefits.

Then on 1 March 2018, Prudential sent another quotation which showed the fund value as £136,036.29 and this time the letter said the figure was guaranteed for 30 days.

Mr M and his advisers contacted Prudential to ask about the difference in figures. Prudential said that the value quoted on 20 February was incorrect due to a system error. And that the value on 1 March was the correct figure.

Mr M and his advisers then raised a complaint, saying Mr M had taken his decision to retire based on the figures of 20 February and the fall in value is to his detriment. They also said

that the mistakes with the values amounted to carelessness and negligence on behalf of Prudential. To rectify the error, they wanted the figures to be honoured.

Recognising the time the complaint may take to resolve, Mr M took his benefits based on the lower quote in the meantime.

Prudential responded to apologise for its error and it recognised its customer service hadn't been good enough over the last couple of years with regards to the fund value errors. But that it couldn't honour the incorrect figures. It made a payment to Mr M of £350 to reflect the poor service it had given.

Unhappy with this response the complaint was referred to this service. Our investigator looked at the complaint. He didn't think that Prudential had to honour the figures as he was satisfied it had paid Mr M his correct entitlement. But he felt that the £350 awarded was too low and rather £500 more closely reflected the distress and inconvenience caused by Prudential's error.

Prudential responded to say it felt that £500 was beyond what was reasonable and its offer of £350 was already generous when compared to other awards.

Mr M and his advisers said that it couldn't accept the £500 as it still felt Prudential should honour the figures quoted. They said the error wasn't a one off event, the errors shouldn't have continued once the fund was moved into cash as the need for manual complications should've finished then. And it failed to take any actions to resolve its errors when it was pointed out to them. It said Mr M had lost out because of Prudential's error to the sum of £1,480 in tax free cash and annual income of £426.60. So the £500 doesn't come close to covering his loss.

Before issuing this decision, the investigator on my instruction wrote to both parties to explain that I was intending to award £350 rather than the £500 the investigator had recommended.

my findings

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

Before I discuss the merits of this case, I think it's useful to set out our approach and how we look at complaints. When a business has made an error we aim to put the customer back into the position they would've been in had the error not occurred. But customers are not entitled to benefit from a business's error.

We also award payments to recognise the trouble and upset caused by a business's error based on the impact this has had on a customer. But these payments are not designed to cover a financial loss.

Mr M's advisers say that the £350 offered by the Prudential and the £500 recommended by our investigator doesn't cover Mr M for his loss and so they can't accept this.

Whilst I understand their point of view, I don't think Mr M has suffered a financial loss, he's instead suffered a loss of expectation. I say this because Mr M is only entitled to the actual

value of his plan. Whilst Prudential made mistakes, I'm satisfied based on the information that they've provided to us that the value it's provided Mr M with is correct.

So I won't be awarding Mr M the difference between the incorrect quotation and his actual entitlement. As to do so, would be to put Mr M in a better position than he would've been if the error hadn't occurred.

Mr M and his advisers have put a lot of emphasis on the amount of mistakes made by Prudential. I can understand their frustration and I agree the service provided wasn't up to standard and there were at times long delays in replying. But as I've said, I don't think these errors caused Mr M financial detriment. I can only consider this in terms of the trouble and upset caused to Mr M.

Besides measurable financial loss, I've also considered if Prudential's error has altered Mr M's position unfavourably. But in the circumstances, I'm not persuaded that Mr M would've done anything differently had the error not occurred. Mr M was aware at the time of taking benefits, what he would get if his complaint wasn't upheld. Mr M chose to take an annuity with Prudential. His plan has a guaranteed annuity rate attached to it and if he'd chose not to take an annuity or to transfer elsewhere Mr M would've lost this. And so on the balance of evidence and probabilities, I don't think Mr M would've done anything differently if Prudential hadn't made the error that it did.

So the only aspect of this complaint I need to deliberate on as I see it, is what represents a fair payment to recognise the trouble and upset suffered by Mr M. In considering this, I have to take into account the circumstances of this case alongside our general approach to awards.

Having thought about the situation and what Mr M and his advisers have told us, I recognise how frustrated his advisers are with Prudential's errors. But I can only consider the impact on Mr M, and not his advisers acting on his behalf. That's not to say that the mistakes in quotations wouldn't have caused Mr M worry and as I said before, a loss of expectation. But Prudential has offered £350 for the inconvenience suffered and his loss of expectation.

I've considered whether there is anything to warrant a substantially higher payment than normal here. To do so, I've considered whether there was more of a significant impact on the customer than usual. I've thought about whether Mr M made plans for the use of this additional money that now couldn't be carried out. Also I need to consider how sure Mr M and his advisers would've been that the higher quotation represented the actual entitlement.

My thoughts on this are; Mr M and his advisers knew at the time of taking benefits that Prudential had issues with producing accurate values. They had already contacted Prudential at this time to query a valuation that was incorrect, which has been taken into account in my thinking in terms of inconvenience, but in terms of loss expectation, I think Mr M and his adviser ought to have had an indication that the valuation given was incorrect. Especially as they knew the fund was invested in cash and so was unlikely to go up by over £5,000 in a year. And in one instance it had varied by £5,000 in values given just three days apart. The values involved in terms of loss of expectation, aren't large enough in my view to have altered Mr M's financial plans.

So whilst I recognise Prudential's customer service was poor, that it made mistakes and didn't mitigate the problems it was having with its quotations, I think the £350 already paid is

fair in the circumstances. The inconvenience caused, whilst frustrating, in my view doesn't warrant an award above what has already been offered.

So in conclusion, Prudential made a number of mistakes that it shouldn't have done. But I don't think Mr M's position was altered by these mistakes and he hasn't suffered a financial loss. Mr M suffered a loss of expectation but the sums involved aren't substantial when compared to the overall fund, so are unlikely to have made a considerable difference to his financial planning or his position.

So it follows that I think the amount paid by Prudential of £350 is fair and reasonable in the circumstances and I won't be making any further award.

my final decision

For the reasons explained above, I don't think The Prudential Assurance Company Limited has to do anything more to put things right. And I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 March 2019.

Simon Hollingshead
ombudsman