

## **complaint**

Mrs H is unhappy the Prudential Assurance Company Limited (Prudential) processed her pension application in the wrong tax year.

## **background**

In March 2016 Mrs H (with the assistance of her adviser) sent in an application for a Prudential Pension plan. Mrs H's application selected a retirement age of 65; and it was recorded her date of birth as at the end of March in 1960.

To maximise her tax allowance and benefits, two separate contributions were sent in at the same time. One contribution was marked to be applied for the tax year 2015/2016 and the other for tax year 2016/2017. Mrs H's partner did the same thing, at the same time. The applications were dated 30 March 2016.

Copies of the applications are date stamped the 4 April 2016; this is the date Prudential say they received the contributions.

Prudential didn't complete processing Mrs H's application until after 5 April 2016, into the next tax year (2016/17). So the contributions weren't applied to her plan until this time. Mrs H's partner's application and contributions were received and processed before 5 April; so in the 2015/16 tax year.

Prudential say Mrs H's application took longer to process than her partner's as they needed additional information. In summary either the fund choice or her selected retirement age needed to be amended, as one of the funds selected didn't allow an investment period of less than 10 years. Around the middle of April 2016, once Prudential had spoken to the adviser, the selected retirement age was changed.

Mrs H's adviser complained, and said there was the likelihood of a tax liability for Mrs H as the application of both contributions during 2016/17 had exceeded Her Majesty's Revenue and Customs (HMRC) rules and limits. It was said Prudential had acted unreasonably and caused delay; and pointed to the information given prior to submitting the applications. It was said Prudential had confirmed that if the applications were received in time, they could be processed in the 2015/16 tax year. And Mrs H's partner's application had been processed.

Prudential didn't agree and said there had only been a short period of time for them to complete the processing, as the forms were sent so close to the end of the tax year. So it would have involved a swift turn round, even if the application had been completed in a way that allowed them to process it. And it was important to take account that the end of the tax year will always be a busy time for them.

Our adjudicator accepted the application couldn't be processed until clarification was provided on Mrs H's application; and the application had been processed within Prudential's service standards. But she thought Prudential should have contacted Mrs H to seek clarification on receiving the application. And she thought that meant it would have been possible for everything to have been completed within the 2015/16 tax year.

So the adjudicator thought Prudential should be required to provide an undertaking to meet any tax liability that followed for Mrs H, as a consequence of the two contributions being made in the 2016/17 tax year.

Prudential disagreed, and said the onus was on the customer to give them reasonable time to complete a request and for an adviser to ensure an application was accurately completed to enable processing. Prudential also said Mrs H's partner's application was irrelevant to this complaint because his application was completed correctly.

I didn't agree with the adjudicator's view and issued a provisional decision on this case on 16 August 2017. All parties were given the opportunity to make further submissions. Prudential had nothing further to add.

Mrs H's adviser thought there remained an incomplete question about whether Prudential should have contacted Mrs H or her adviser, once they realised the contributions were going to be applied in the same tax year, contrary to the request on the form.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Based on what I've seen, I haven't changed my decision and reasoning from that set out in my provisional decision.

I understand Mrs H will be disappointed, but I don't think Prudential have done anything wrong here. Nor do I think they caused any unreasonable delay.

It might have been possible for Mrs H's application to have been processed immediately on receipt within the 2015/16 tax year, had the details completed on her form allowed for immediate processing. And so the contribution, intended to be applied in the 2015/16 tax year, could have also been processed. But the information on the form didn't allow for that.

Prudential couldn't progress and complete the application based on the information they were sent. So I accept it was reasonable for them to contact Mrs H and/ or her adviser, to explain the problem and ask for further instructions.

I also accept that having received the application and contributions on 4 April 2016, this would have only allowed a tight timetable for Prudential to turn around an application that was able to be immediately processed. This is a time of the year, when Prudential are likely to have an increase in volumes of work.

I don't think it was unreasonable that Prudential weren't able to contact Mrs H and/ or her adviser in time for the application to be fully completed. I accept there were no errors in processing; and I haven't seen anything that makes me think Prudential caused any unreasonable or unnecessary delay. It is a shame that Prudential weren't able to turn around the application and contact someone for the information in time to allow the contribution to be applied in the appropriate tax year; but that doesn't mean Prudential took longer than was reasonable in the circumstances.

I've seen a suggestion from the adviser that Prudential should have changed Mrs H's selected retirement age to enable the application to be processed in time, and then confirmed this later. I agree with Prudential, this wouldn't be something they could reasonably be expected to do.

I'd like to reassure Mrs H, I considered all the points made. This included whether Prudential should have done anything more than they did before applying both contributions in the

same tax year. I think it's right to say that Prudential could have asked other questions; but just because they didn't, that doesn't mean I think they acted unreasonably or unfairly in these circumstances.

I should add that I haven't seen anything that suggests to me there has been any tax liability for Mrs H in any event.

**my final decision**

For the reasons given I don't uphold Mrs H's complaint against The Prudential Assurance Company Limited.

Under our rules, I'm required to ask Mrs H to accept or reject my decision before 20 October 2017.

Louise Wilson  
**ombudsman**