

Complaint

Mr D has complained that Prudential Assurance Company Limited (Prudential) failed to treat him fairly and he's unhappy about the fall in transfer values of his policy.

background

The complaint is about three of Mr D's pension policies. Mr D's adviser had asked Prudential to transfer his pensions to a new provider.

The key issue is the large reduction in transfer values from those provided in March 2017 to those given when the transfers were completed in June 2017. The reduction in value was approximately £30,000. Prudential didn't make Mr D or his adviser aware of this large reduction until after the transfer had completed.

other points raised:

- An 'adviser authority form' was sent to Mr D instead of his adviser although Prudential knew the adviser was acting for him
- There was poor communication
- Prudential sent the funds to the new provider by cheque and second class post which caused more delay

The complaint was investigated by one of our adjudicators. He took the view that the complaint should be upheld in part and recommended a payment for trouble and upset of £250.

In summary, our adjudicator reached the following conclusions:

- Transfer values were provided in March 2017 – this paperwork confirmed the values weren't guaranteed and could be higher or lower on the date of transfer.
- Discharge forms were completed in mid-May 2017 and sent to the new provider who made the transfer request on 26 May 2017.
- The adviser declaration should have been included with the quotations and sent to Mr D's adviser. Prudential should have been aware that an adviser was acting for Mr D.
- It was unreasonable for Prudential to send the fund transfer by cheque and second class post to the new adviser.
- Prudential's actions could only have led to a loss if the transfer could reasonably have taken place before 1 April 2017. There was never a guarantee that rates would increase and consumers and advisers could not have been forewarned.
- The application for transfers was made in mid May 2017 and the transfer out process was completed by 21 June 2017. Given the processing time taken by Prudential and the new provider, unless the transfer application process had started by mid-February 2017, it wasn't likely to have been finished before 31 March 2017 – it wasn't

likely that the relevant forms and processes would have been completed by both providers before revaluation on 1 April 2017.

- Prudential can't be held responsible for Mr D transferring a lower fund value to the new provider at a later date.
- Sending the adviser declaration form to Mr D and sending the transfer funds by second class post caused trouble and upset to Mr D and £250 compensation should be paid.
- As there was a reduction in transfer value of 9% which amounted to £30,000, this is significant and Prudential should have contacted Mr D or his adviser to ask whether the transfer should still go ahead.

Prudential didn't agree and made the following comments:

- An appropriate advice declaration (AAD) form would have been included with the quotations sent to the adviser.
- The transfer request was received from the new provider via an online system. No separate papers were received from the adviser and so Prudential weren't aware the adviser was acting for Mr D.
- All cheques are issued by first class post. They asked for evidence that their cheque had been sent by second class post.
- The fund value dropped by 9% and company process is to inform consumers where the drop in value is over 10%. It's not reasonable to alert additional customers where the drop in value is less than 9%.

Mr D didn't agree and his adviser made a number of comments and points on his behalf. He said that although a full retirement and transfer pack was requested in mid-February, the final requested documents weren't received until 24 March. And the AAD wasn't included. If the required documents had been sent, in full, and in a timely fashion after the mid-February request, the transfer could have been completed before March 31 and the higher value would have been received.

As neither party agreed with the adjudicator, the case has been passed to me for a decision.

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 think Mr D's complaint should be upheld and largely for the same reasons as the adjudicator. I'll explain why.

I agree that the key issue here is the fall in transfer values and so I will deal with this first.

Having reviewed the history of the case, I agree with the adjudicator that the transfer probably wouldn't have completed by the 1 April 2017 especially since the adviser would have no reason to believe that the fund value would drop so dramatically. I therefore don't think Prudential can be held responsible for the loss.

I also agree with the adjudicator that Prudential should have notified either Mr D or the adviser that the value had dropped significantly. Even though the drop was 9%, the sum of money involved was substantial and it would have been reasonable to have made a quick courtesy call to the adviser or sent a letter. I don't agree that they should stick to a rigid 10% rule especially where the sums involved are significant and this isn't good customer service.

Having said that, I'm satisfied that Prudential gave an adequate warning that the fund value could go down and so I don't think they can be held responsible for any losses. The transfer values weren't guaranteed.

The adviser has said that there were delays in receiving the full retirement and transfer packs. I've already concluded that I don't think the transfer would have completed before 1 April 2017 as it took nearly two months for the forms to be completed and sent to the new provider. For that reason, even if there was a delay in receiving the full packs, I don't think this caused any detriment.

In relation to the AAD, I agree with the adjudicator that this should have been sent to the adviser as the adviser had requested the paperwork. If the Prudential weren't sure whether the adviser was still acting for Mr D, a quick call would have cleared this up. If they were in doubt, a copy could have been sent to both the adviser and Mr D.

Prudential have said that an AAD was provided in the pack with the quotes. But there is no evidence that this was included in the pack and the information sent to us only shows the transfer values which were sent. If an AAD had been sent to the adviser, I would have expected to see a copy with the quotes with some reference to it in the cover letter. And so it's unlikely this was sent at the time. The only evidence of the AAD being sent is to Mr D in June 2017.

Once the transfer request was completed, Prudential confirmed they had sent a cheque to the new provider by second class post. They have since asked for evidence of this and I can see our adjudicator has sent a copy of an email from Prudential confirming that the cheque was sent by second class post. And so I agree that it wasn't reasonable for Prudential to send the money by cheque or second class post.

Once Mr D and his adviser became aware that the transfer value had dropped by approximately £30,000, the funds were transferred back to Prudential and the policies were reinstated. And so Mr D hasn't suffered a loss. Mr D chose to complete the transfer later in 2017 but as this was after the funds had been sent back (and so Mr D was put back in the position he would have been in had the transfer not taken place), I can't take this into account or hold Prudential responsible.

Overall, although I note that Mr D is disappointed that the transfer values went down by the time he transferred, this was always a risk and he had been given a warning about this.

In addition, Prudential caused frustration when sending a cheque by second class post and didn't alert either Mr D or his adviser that the transfer value had dropped by almost £30,000. This resulted in additional work and ultimately Mr D asked for his policies to be reinstated. This could have been avoided had Prudential made a courtesy call to either Mr D or the adviser.

Prudential have caused trouble and upset to Mr D and I agree that he should be compensated for this. I think £250 is reasonable as the issues weren't permanent or long lasting and I don't think any financial loss has been caused for the reasons explained above.

my final decision

For the reasons set out above, my final decision is that Prudential Assurance Company Limited should pay Mr D £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 24 September 2018.

Shamaila Hussain
ombudsman