

complaint

Mr L complains about the fall in the transfer value of his pension policy. He doesn't think the way The Prudential Assurance Company Limited has dealt with the policy is fair.

background

In 2017, Mr L wished to take the benefits from his Prudential pension policy, and received advice from a Prudential adviser. But when he received details of the payments he received, he noticed these were based on a lower pension fund value than he was expecting. So he complained to Prudential.

Prudential didn't think it had done anything wrong. It explained that the bonus rates used to calculate quotations were updated on 1 April 2017, which resulted in the rates being adjusted downwards. So any benefits taken after that date would have reflected these lower bonus rates. Mr L remained dissatisfied and referred his complaint to us.

Our investigator didn't think the complaint should succeed. He noted the adviser's suitability report said that pension transfer values can vary significantly. He also noted that Mr L was sent a quotation in March 2017 showing a lower pension value.

Mr L didn't agree with the investigator's view. He said he recalls seeing the lower transfer value. But he then saw a higher figure and thought it had gone up.

The matter has now been passed to me for consideration.

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 L received information from Prudential that the transfer value for his policy was £141,981.80. This figure was quoted on 2 March 2017. He then met with a Prudential adviser to discuss his options. The adviser recommended Mr L transfer into another Prudential pension plan which would allow him to access his pension income in a flexible way. But when Mr L received details of the new plan, he saw that the transfer value used to set it up was £128,714.92.

I fully understand how Mr L feels about the way the transfer value has fluctuated. I appreciate he made the decision to transfer his policy based on the value as quoted to him on 2 March 2017. And it must have been disappointing that the actual transfer value was around £13,000 less than he anticipated.

I note the adviser's report recommending the transfer referred to the fact that the transfer value can vary, particular between January and March. This is because Prudential reviewed its bonus rates around that time. The report also noted that the transfer value which had been quoted in March 2017 could end up being higher or lower. The illustrations Prudential sent Mr L also stated that the quoted pension value could change.

But I'm also mindful that both Mr L and the adviser received a letter dated 8 March 2015 which gave a transfer value of £128,791.36. Prudential has confirmed to me that this took account of the expected reduction in bonus rates which would take effect from 1 April 2015.

So I think this was a more accurate reflection of the value of Mr L's pension policy than the previous one of £141,981.80.

It's clear the adviser was aware of the lower figure, as he included it in his report. But he only did so for the purpose of showing Mr L the guaranteed basic annuity he would lose if transferring away from his policy.

On the whole, I think the adviser should have based his advice, and any illustrations used to show Mr L the potential benefits he would receive, on a value of £128,791.36. Prudential says it's not its practice to keep updating quotes, but I'm not convinced by this argument. I think it's important for a customer to be given as accurate information as possible so as to make an informed choice. And it doesn't appear that Mr L was in any rush to take his benefits. So I think there was time to ensure he was given an accurate picture.

I'm also mindful that the cancellation notice still showed the now completely out of date figure of £141,981.80. As noted above, Mr L only became aware of the actual transfer value when receiving details of the policy that had been set up.

I accept that the transfer value used by Prudential was correct at the time the new plan started, and reflected the reduced bonuses and how these had affected Mr L's policy. So to that extent he hasn't suffered an actual financial loss.

But I think the misleading and unclear information given to Mr L caused him some trouble and upset, which could have been avoided had Prudential taken more care. And I think he should be paid a sum of £400 in recognition of this. I've informed Prudential of my view, and acknowledge that it doesn't agree.

I also appreciate, having spoken to Mr L, that he doesn't think this compensates him adequately. He says he only went ahead because of the size of the transfer value. And if he'd known the true position he would have waited to take his benefits at a later stage.

But while I understand his opinion, it's not possible for me to know with sufficient certainty he would have delayed taking his benefits. Also, there's no certainty that by leaving his existing pension plan in force, this would have resulted in a higher value being available in future years. It's also not possible to rewind both pension arrangements so as to reinstate his policy.

In the circumstances, I think paying Mr L £400 provides a fair and reasonable outcome to the dispute.

my final decision

I uphold the complaint and require The Prudential Assurance Company Limited to pay Mr L £400 for the trouble and upset he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 April 2018.

Doug Mansell
ombudsman