

## **complaint**

Mr W complained about The Prudential Assurance Company Limited. He said it provided him with incorrect valuations for his fund as he approached his retirement date. It also failed to provide the correct valuations when he asked for them on a number of occasions.

## **background**

On 6 March 2017 I issued a provisional decision in relation to this complaint. It's attached to this final decision. The background is set out in full within it. In summary, I upheld the complaint and intended to award Mr W a further £325 for the trouble and upset caused (he had already received £175 from the Prudential before complaining to this service).

Mr W responded and disagreed with the value of compensation I thought the Prudential should pay. He said that having stopped making contributions to the plan, he now has to make around £13,800 worth of contributions for the previous tax year to avoid losing the future opportunity to do so. Mr W said that even if he did this, he would suffer a loss of around £2,500 due to the increase in the unit prices. Mr W said that it's because of his loss of confidence in the Prudential, as a result of their failure to provide correct valuations, that he stopped contributing. Therefore the calculated losses flow from Prudential's error and he should be compensated for this.

Mr W also reiterated the amount of time he has spent chasing the Prudential to get correct valuations and to bring the complaint. He also highlighted the impact he felt the Prudential's behaviour would have on wider investor confidence.

The Prudential made no comments on my provisional 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. In doing so, while I note the strength of feeling Mr W has about the Prudential, I maintain the compensation should be as set out in my provisional decision and for the reasons as already explained.

In relation to the additional points Mr W has raised in response to that provisional decision. In looking at this complaint, I'm principally considering the following failings by the Prudential:

- It sent Mr W a wrong valuation in January 2016 (about £17,000 too high);
- It sent Mr W a wrong valuation in February 2016 (about £17,000 too low);
- In May 2016, it failed to provide a full response to Mr W's request of April 2016 and sent an incomplete reply.
- It failed to provide Mr W with the correct valuations for January and February after he had asked for them.

As was explained in my provisional decision, Mr W's depth of feeling about the Prudential is not confined to these issues alone. But these are the only issues I'm considering under this complaint as I've not been provided with any evidence about any other matters. That doesn't prevent Mr W from raising those issues with the Prudential in a separate complaint.

I fully accept that Mr W has lost confidence with the Prudential and this led him to take a number of actions – some of which are set out in my provisional decision. This also included stopping contributions to his pension plans in May 2016. But these are Mr W's decisions. Mr W was provided with a correct valuation in March 2016. The important issue of the value of his fund was corrected at this point. But Mr W has chosen to stop making further contributions going forward. The markets have continued to move and if Mr W decides to make up the contribution shortfall now his money will not buy the same number of units.

Initially the Prudential said that under the term of his plans Mr W wouldn't be able to restart his contributions once he stopped. But from October 2016, following his complaint to this service, it informed Mr W that he could stop contributions provided he re-started within a fourteen month period. So I don't think it's fair and reasonable to ask the Prudential to cover Mr W for any loss in relation to this element. It has remained his decision to stop his contributions. In the context of the mistake the Prudential has made and the issues I'm considering, I don't think this would be fair.

### **my final decision**

For the reasons as set out in both my final and provisional decision, I uphold Mr W's complaint. I direct The Prudential Assurance Company Limited to pay Mr W a further £325 for the trouble and upset caused.

Under the rules of our service, I'm required to ask Mr W to accept or reject my decision before 18 April 2017.

Benjamin Taylor  
**ombudsman**

### Provisional decision of 6 March 2017

#### **complaint**

Mr W complained about The Prudential Assurance Company Limited. He said it provided him with incorrect valuations for his fund as he approached his retirement date. It also failed to provide the correct valuations when he asked for them.

#### **background**

In January 2016 Prudential sent Mr W a fund valuation of around £300,000. This was an error and we now know the value was about £283,000. Around 26 February Mr W contacted Prudential to defer his retirement age by one year.

On 3 March Mr W said he received a pension valuation dated 18 February 2016. It valued his pension at about £270,000. Again, this was an error. The value was in fact about £287,000. On 3 March Mr W sent a cheque for £27,500 from other savings to a Self-Invested Personal Pension (SIPP) provider to open a separate pension plan.

Mr W complained to Prudential on 4 March about the error in valuations. Prudential acknowledged its errors and offered Mr W £100 for the trouble caused and £25 for the cost of calls and postage. It confirmed a manually calculated valuation would be sent to him.

On 17 March 2016 Mr W was sent the correct value of his pension. It was then valued at about £298,000. In April Mr W wrote again to Prudential and asked for confirmation of the February valuation. Prudential replied but failed to provide a full response leading Mr W to complain to Prudential again. As a result, Prudential offered Mr W a further £50 for the delay in responding to him and for the poor service he'd received.

Mr W remained unhappy with Prudential and complained to this service. He noted he still hadn't received the correct valuations for January and February 2016. Mr W felt he'd relied on the incorrect valuations to his detriment by tying his cash up in a further pension.

One of our investigators looked into Mr W's complaint. He thought Prudential hadn't acted fairly in providing Mr W with incorrect information. He thought Prudential should pay Mr W a further £200 for the trouble and upset caused. He also said Prudential should compare the valuation of Mr W's SIPP with the value the £27,500 would have gained had it been in his Prudential pension.

Prudential doesn't agree with the investigator. It says Mr W didn't act on their incorrect valuations and he'd been fairly compensated already for the error. Prudential noted that Mr W hadn't transferred the £27,500 from his Prudential pension to the SIPP so no further loss calculations were required. To date Mr W has struggled to articulate exactly how he wants matters to be put right.

#### **my provisional findings**

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

There's no dispute Prudential provided Mr W with incorrect fund valuations. However, while he made the decision to defer his retirement date by year, this was only after receiving the January valuation; which we now know was overvalued by about £17,000. When the February valuation revealed an apparent 10% drop in fund value, Mr W had already made the decision to postpone his retirement date for a year. Mr W has told me that the valuation wasn't the trigger for the decision to delay his retirement date.

I agree with the investigator that the timing of the incorrect valuations would have been troubling for Mr W given how close he was to retirement and the importance he would place on them. I also conclude that Prudential didn't do as much as it could to explain to Mr W what the correct fund values were after Mr W complained. However, on 14 March Prudential confirmed the valuations were incorrect. And on 17 March 2016 Mr W did receive a correct and up to date valuation. I accept Mr W may have had doubts as to the accuracy of the valuation he'd been provided with given what had occurred. Mr W clearly retained some worries as he queried the February valuation again in April and the incomplete response from Prudential in May in fact added to his concerns.

The contribution and opening of the SIPP could have been cancelled within thirty days if Mr W changed his mind on why he wanted it in the first place. Mr W has kept his SIPP open and chosen not to cancel it. While I accept

Mr W's evidence that his decision to open the SIPP was caused by the incorrect valuation. I do think it would have been reasonable for him to have cancelled and reversed the payment within the thirty day period, once he had received an up to date valuation from Prudential. I also think it would have been reasonable for him to have clarified the valuation before making the immediate decision to write a cheque for £27,500. This is something he chose to do the day after by writing a letter to Prudential.

In conclusion, I think the timing of the errors by Prudential were significant. Mr W was close to his retirement date and having made the decision to defer his retirement date by a year, he received a valuation showing a 10% drop in his fund value. I think it's reasonable that this would have caused Mr W considerable alarm. It's noticeable it was Mr W who raised the issue; it wasn't Prudential who alerted Mr W of its mistake. And when Prudential did respond in May it did so abruptly and failed to answer Mr W's further question. So I agree with our investigator that the award for the trouble and upset caused should be increased. Prudential have rightly explained that no money was transferred from Mr W's Prudential pension to the SIPP. So I agree that no further loss calculation is required.

In considering Mr W's overall position now – that he has money in a SIPP rather than a building society account – it's difficult for Prudential to correct that position. As Mr W is over 55 he is able to access the benefits now and close the SIPP should he choose to do so – though there are tax implications which he will need to consider. I also take into account that Mr W stopped making contributions to his Prudential pension as a result of losing confidence in the business – and this has impacted his overall retirement savings. While this was Mr W's decision, I accept that it was his loss in confidence in Prudential that contributed towards him making it.

So I don't think Prudential has compensated Mr W sufficiently for the trouble and upset caused by its incorrect valuations. It's difficult to quantify how this has impacted on Mr W. And I also take into account Mr W has some responsibility for the actions he has taken. So in considering all the evidence, I think it's fair that Prudential may Mr W a further £325 for the trouble and upset caused. This makes the overall payment made to Mr W £500 including the £175 already paid to him.

Since bringing his complaint to this service Mr W has raised further issue about Prudential which he said have occurred over the last five years. He said these have an impact on how trouble and upset should be valued and the cumulative effect on him. These aren't issues Mr W has yet raised with Prudential. And I've explained to Mr W that he would need to raise these matters first with the business as they represent separate complaints to the one I'm considering; though I recognise that he feels it has all contributed to his overall frustration with Prudential. However, this decision only reflects the events set out above and do not prevent Mr W making further complaints to Prudential if he decides that's what he wants to do.

#### **my provisional decision**

For the reasons outlined above, I intend to uphold Mr W's complaint. I intend to direct The Prudential Assurance Company Limited to pay Mr W a further £325 for the trouble and upset caused.