

The complaint

Mr W complains that The Prudential Assurance Company Limited failed to pay his pension benefits to him in a timely manner.

What happened

Mr W held pension savings with Prudential in a plan that he started in 1991. He reached his selected retirement date in February 2023. On 8 January 2023 Mr W got in touch with Prudential to request the payment of some of his pension benefits.

The payment process was protracted. Initially Mr W asked to move his pension savings into a drawdown arrangement and take a pension commencement lump sum ("PCLS" – otherwise known as tax free cash). Later, frustrated by Prudential's delays, he asked that Prudential close his pension plan and pay him the entire value as a lump sum. Prudential made that payment to Mr W on 28 April 2023. Mr W complained to Prudential about the way he had been treated, and the time it had taken for the payment of his pension benefits.

Prudential has dealt with Mr W's complaint across three final response letters. For ease, I am combining those findings here. Prudential has accepted that it should have paid Mr W's pension benefits to him sooner. It has used the date of his first request to the firm – 8 January – as the date the benefits should have been paid. Prudential has paid Mr W compensation, based on a simple interest rate of 8%, for that delay. And Prudential has paid a total of £500 to Mr W for the distress and inconvenience he has been caused.

Mr W didn't think Prudential had done enough to resolve his complaint so he brought it to us. His complaint has been assessed by one of our investigators. She understood why Mr W was so disappointed with what had happened. But she thought the compensation Prudential had already paid to Mr W was in line with what she would have recommended. So she didn't think that Prudential needed to do anything further.

Mr W didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

What I've decided – and why

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

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr W and by Prudential. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

There is no doubt that it took an extended period of time for Prudential to pay Mr W his pension benefits. And, having carefully reviewed the communications between Mr W and Prudential, shown in the copies of the secure messages that Mr W has provided, I can understand the frustration that Mr W has felt. Prudential accepts that it didn't deal with Mr W's claim as quickly, or as efficiently, as it should have. There seems to be little dispute between Mr W and Prudential about when things should have happened. But as I've explained above, my remit in this decision isn't to punish Prudential for what happened. In this decision I need to make sure that Prudential's delays haven't caused Mr W to lose out.

I think that there are two aspects in that regard that I need to consider. There is the potential for a direct financial loss caused to Mr W by being without the money he requested for an extended period of time. And there is also the disruption to Mr W's retirement plans. At a time when he might have been looking forward to starting his retirement he was instead engaged in a prolonged process with Prudential to get access to the monies that he had diligently saved throughout a large proportion of his working life.

Prudential has said that it should have paid Mr W's pension benefits to him when he first got in contact in January 2023. In some ways that might be a rather generous interpretation of what should have happened. It would be natural for there to be a period of time after that first contact for Mr W to complete any necessary paperwork, and for the payment to be made. But I'm not minded that I should propose any change to the date that Prudential has used in its calculations. It seems that the date Prudential has used ensures that Mr W receives the greatest amount of any compensation for the delayed payment that might have been considered reasonable.

Mr W hasn't told us about any direct financial losses caused by the delayed payment such as needing to pay interest on any borrowed monies, or paying any late payment charges or interest. So, in circumstances such as these, I would generally think that compensation should be paid by the calculation of simple interest at a rate of 8%. Whilst that rate is higher than might be achieved in a short-term savings account it does reflect that Mr W has been deprived of the use of the money, and the opportunity to spend it as he saw fit.

The compensation that Prudential has already paid to Mr W has been calculated on that basis. It has paid him interest on the net withdrawal that he made from his pension savings from the date of his first contact in January 2023 to the date that the payment was actually made to him. I think that payment represents fair compensation for the delay.

But that payment doesn't take into account the less easily defined upset and inconvenience that the delayed payment has caused to Mr W. He has described how the problems affected the first three months of his retirement, causing him to postpone some travel plans, and rely on financial support from his partner. I understand how frustrating those months must have been for Mr W.

The communications that Mr W had with Prudential through its secure messaging system, and by telephone, were lengthy. On a number of occasions documentation went missing, or was issued after Prudential said it would be. And I've seen that on one occasion Prudential sent Mr W details of the pension holdings of another unrelated party. I would assume that Prudential has taken the appropriate steps in relation to that data breach, and would thank Mr W for bringing the matter to its attention.

Prudential has already paid Mr W a total of £500 for the inconvenience he's been caused, both by the late payment and the way in which it has dealt with his complaint. I've thought carefully about what reasonable compensation in the circumstances that I've set out above would be. Having done so I think that the total amount Prudential has paid to Mr W is in line with what I would recommend in circumstances such as these. So I don't think Prudential needs to pay any additional compensation to Mr W for the distress and inconvenience he's undoubtedly been caused.

I appreciate that my decision will be very disappointing for Mr W. But I am pleased to see that his pension income has now been successfully paid to him. And I am satisfied that Prudential has paid Mr W reasonable compensation both for the extended time he was without that pension income, and for the distress and inconvenience he was caused. So I don't think that Prudential needs to do anything more in relation to this complaint.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against The Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 October 2023.

Paul Reilly
Ombudsman