

The complaint

Mr B complains that The Prudential Assurance Company Limited (The Prudential) caused delay in dealing with his pension and he had lost out.

What happened

Mr B said he called the Prudential in early August 2022. He was told his transfer value was around £170,000. He was then told he needed to be transferred to a hub who dealt with annuities for the Prudential but it didn't call back as quickly as he wanted and he had to chase them. He was eventually referred to the hub. In mid-August an annuity quote was requested. The Prudential accepted it had caused delay and offered £175 for this. Mr B's policy was subject to an adjustment in early September 2022 which reduced its value and he complained the delay meant he missed out.

The Prudential said the cost of securing income could change at any time. It accepted there had been a delay in its service and offered £175 for this. It later increased this to £275 to include delay in setting up his pension in 2023. It said it would consider compensation for financial loss. It paid compensation for the financial loss caused by the delay in 2023. But said there was no evidence of loss in 2022 because Mr B had not taken steps to accept his annuity quote.

The investigator said Mr B was put in touch with the annuity hub on 11 August 2022. The Prudential would not have released his pension until he had received advice about the most suitable annuity, completed the papers and submitted them before the reduction in value in early September 2022. He didn't think the Prudential were responsible for any delays after Mr B was put in contact with the annuity hub. He said the Prudential were essentially a passive party waiting for instructions. He didn't think they had done anything wrong. The early September reduction applied to all policies of this type and not just to him, so there was no evidence he had been singled out.

Mr B did not agree. He said he did call the Prudential on 3 August 2022 and was put in a queue. He sent a secure message on the same day. He was contacted on 11 August 2022 when they confirmed his pension value and put him through to the annuity hub. An appointment was made for 15 August 2022 (to get an annuity quote) and he was then contacted on that day. Mr B still felt the Prudential caused delay at the start. The Hub would have sent him paperwork that he could have signed and returned before he went on holiday and in good time for 5 September when his pension reduced.

Mr B said his loss was 6 further premiums of £200 per month each, 6 missed income payments totalling around £3,700 and a smaller lump sum of around £3,300 less. This was a total of about £8,300.

I issued a provisional decision in this case and said the following.

My provisional decision

There were two issues to consider:-

1. The delay in August 2022 which Mr B said meant he missed out on a higher annuity and
2. The delay when he set up his annuity in 2023.

The delay in August 2022 which Mr B said meant he missed out on a higher annuity.

I noted Mr B's argument that but for the delays he would be in receipt of a much higher pension and lump sum.

It seemed Mr B had been looking at his pension, but his retirement date was not until 2023. He said Prudential sent him a pension illustration every year and he could request one at any time which he did; these illustrations did not represent what was available on the open market and weren't really of much use. He didn't get an open market quote until 15 August 2022 when he had the call with the hub.

I noted the quote was based on a transfer value of around £171,000 but the annuity quote said it was

*'guaranteed if the personal details, including his current main residential postcode are correct and the single payment shown on the application **form is received by 13 September 2022.**'*

So there was time between the hub call on 15 August and the change in the transfer value on 5 September during which time Mr B could have accepted the higher pension quote but didn't.

In fact due to the time it took to request the transfer payment (which had to be received before 13 September 2022) that request needed to be made in good time and certainly well before 5 September (when the transfer value changed) for the payment to have been received in time for 13 September. So even if the transfer value had not changed Mr B didn't act to accept or try to accept the quotation in time for it to be processed and the payment made by 13 September.

Mr B said he went on holiday on 12/13 August 2022 (Mr B mentioned both dates to this service) which meant it was harder for him to complete the forms to accept the quote. I can see that it would have been easier for him to complete the forms at home. But it wasn't The Prudential's fault he went on holiday and it was harder for him to accept.

Further Mr B told this service he could have come back from holiday to complete the forms. But he didn't return. He said he returned on 22nd September. The fact he didn't return in order to accept the quote was his choice. This also did not support his claim that but for the delay he would have accepted the quote. I said that because the quote was due to expire on 13 September which was before he was due to return from holiday on 22 September. So he would always have needed to return from holiday early to accept it.

I noted also that the pension summary document sent to Mr B dated 4 August 2022 which quoted a transfer value of around £171,000 noted that :-

'This value isn't guaranteed. It's sensitive to changes in market conditions, which we regularly review..'

So if Mr B had felt this was a good transfer value and good annuity quote there was good reason to progress to accept without delay to avoid any change in the transfer value.

I noted he called on Thursday 4 August and then on Friday 5th August he suggested suitable times for a call. He then had to chase on 10 August (which is just before he went on holiday). He had a call on 11 August and had a call with the hub and was given a quote on Monday 15 August 2022. I noted that as the call happened on 11 August this was still within the original timeframe that The Prudential had set itself to make contact (see below). So I didn't think there was a delay based on the timescales The Prudential set itself. But as it accepted there was a delay I have considered it further.

It is difficult to be certain how much more quickly it could have responded. Industry guidance varies and can suggest timescales for responding to requests of between 48 hours and 2 weeks. It isn't for this service to impose timescales on the Prudential. But I noted when it responded on 4 August it said

Thank you for contacting us about accessing your pension. When accessing your pension, there are many considerations and options available. It's important we speak to you so we can discuss your options before helping progress the option you decide. We will aim to call you back within the next couple of working days and will keep trying until 11 August 2022 to discuss your retirement options.

This would suggest that its working standard was between 48 hours and 5 working days. But even if I applied the very minimum 48-hour period for a reply, Prudential would have responded on Tuesday 9 August 2022 and Mr B would then have been referred to the hub (which we know took place two working days later).

That would mean the call would have taken place on 10 or 11 August. The very earliest the papers could have been received was 11 or 12 August (assuming they were printed by the Hub and issued by post on the same day as the meeting and arrived the following day). That was either the day of or the day before he went on holiday. I thought that timescale was optimistic but possible. I am required to reach a decision based on the evidence that it was more likely than not that the papers would have arrived sooner. On balance, based on the evidence, I didn't think it was more likely than not that the papers would have arrived before Mr B went on holiday. I said that because it required me to take the most optimistic assumptions possible with no allowance for any delay in printing or postal delivery.

But even if I was wrong and they had arrived there would not have been much time to accept the quote and return the papers before holiday. But I also needed to decide whether I thought Mr B would have accepted the quote had it arrived before his holiday.

Based on the evidence I was not persuaded it would have made a difference had the papers arrived before holiday. I said that because while I accepted it would have been easier to complete papers before going away, I don't think 'something being easier' was enough to demonstrate he had a settled intention to accept the quote on those terms before he went on holiday.

I said that because:

- he didn't say there was a particular need to take his pension at that time and
- he didn't take steps in good time to accept the quote that was offered and he would always have needed to return from holiday to accept it as it expired before 22 September when his holiday was due to end.
- it was clear that there was enough time to accept between 15 August and the quote expiry on 13 September. I said that because in early 2023 when Mr B did set up an annuity The Prudential accepted this should have taken 16 working days. There are

21 working days between those dates. Had Mr B signed and returned his acceptance to Prudential before 5 September (which he would have needed to do to allow enough time for payment to be made before 13 September), I think it would have been bound to make the higher payment even if it had not actually been paid out by 5 September.

In summary and on balance having considered all the evidence I thought that:-

- The Prudential didn't cause a delay within the timeframe it initially imposed on itself.
- But even if that is wrong and it did cause a delay I didn't think it would have made a difference. That is because even had it worked within the very shortest timescale of 48 hours, only on the most optimistic of assumptions would the papers have arrived before Mr B went on holiday. So on balance I thought it was more likely than not that they would not have arrived in time.
- But even if I was wrong in that and the papers would have arrived before holiday, I was not persuaded Mr B would have accepted the quote for the reasons set out.
- Further it wasn't The Prudential's fault Mr B went on holiday which he says prevented him accepting the quote in time. For those reasons on balance based on the evidence I didn't think The Prudential caused Mr B to miss out on the higher annuity and tax-free cash. So I didn't make an award for financial loss due to the events in 2022.

Delay when setting up his annuity in 2023.

The Prudential said it accepted it delayed his transfer to set up an annuity in 2023. On 14 February 2023 it should have transferred £118,242.96. However it said that, due to its delay, it actually transferred £118,760.47 on 3 March 2023.

It had been confirmed that he was now in receipt of an annuity of £8,048.64 per annum and that if it had not delayed his transfer, he would have been receiving an amount of £8,013.48 per annum. As this amount is smaller than what he actually received it was satisfied he did not lose out in terms of the annuity value.

However, it accepted its delays also caused Mr B to miss a payment, as the annuity would have started earlier had it not caused a delay.

He was receiving £670.72 on the first of every month, starting from 1 April 2023. Mr B also received a first proportional payment of £497.63 on 9 March 2023. If it had not caused a delay he would have been receiving £667.79 per month starting from 1 March 2023, and also would have received a first proportional payment of £357.74 on 14 February 2023.

Therefore, Mr B had missed out on payment of the first proportional payment of £357.74 for February and missed out on £170.16 for March (£667.79, less the £497.63 actually paid).

It calculated interest on those amounts using 8% simple interest per annum, in line with Financial Ombudsman Service guidelines. The calculation showed an additional net interest amount of £17.88.

It had therefore arranged for a total payment of £545.78 to be made to Mr B's bank account and he confirmed that he had received it.

It was required by HM Revenue & Customs to pay that interest net of income tax at 20%.

The interest paid in this case was £17.88 net (£22.35 gross minus £4.47 tax).

I thought this was a fair and reasonable payment for the financial loss caused by that delay. It was also what I would have directed had I needed to do so. Because of that payment I had not made any further direction for financial loss.

Distress and inconvenience

I considered a payment for distress and inconvenience both for the delay in 2022 and 2023. Such an award was to reflect the impact on Mr B and not to punish The Prudential. Nor was it to cover financial loss which I had already dealt with above.

I could see that the delays were frustrating for Mr B. The first delay was for a few days but the delay in 2023 was for a few weeks. I could also see that Mr B needed to spend time chasing The Prudential. We all experience inconvenience in day-to-day life but this was clearly more than that.

I noted also that The Prudential accepted it caused delay and had made payment for financial compensation and offered £275 for distress and inconvenience. The Prudential had confirmed that this amount had already been paid to Mr B.

Having considered all the evidence I was provisionally of the view that an award of £275 was fair and reasonable in the circumstances so I did not make a further award.

I proposed to uphold this complaint but I did not propose to make any further direction against The Prudential Assurance Company Limited.

Mr B had nothing more to add.

The Prudential said that as I had fully agreed with what they had done the decision should be shown as a not uphold.

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.

I have considered the replies from the parties. I agree with the comment made by the Prudential so have marked by decision as a non uphold as there was no change in what they needed to do.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 November 2023.

Colette Bewley
Ombudsman