

Ombudsman's Determination

Applicant	Mr R
Scheme	Prudential Personal Pension Plan (the Plan)
Respondent	The Prudential Assurance Company Ltd (Prudential)

Outcome

1. Mr R's complaint against Prudential is partly upheld, but there is part of the complaint that I do not agree with. To put matters right, Prudential shall pay Mr R £500 in recognition of the significant distress and inconvenience that has been caused.

Complaint summary

2. Mr R has complained that Prudential would not allow him to flexibly access the Plan without first having taken financial advice. To provide this financial advice itself, Prudential required details of Mr R's other pension policies, which he did not wish to provide.

Background information, including submissions from the parties

3. In December 2018, Mr R requested payment of a lump sum from the Plan. He also wished to commence monthly income drawdown from the Plan.
4. On 23 January 2018, Prudential wrote to Mr R and asked that he call to discuss his request. He was informed that his fund value was approximately £26,593.03 as of 22 January 2019.
5. On 21 February 2019, Mr R met with a Financial Adviser (**FA**) from Prudential, as part of the process to access his Plan. The FA asked, for information relating to Mr R's other pension policies. The FA informed Mr R that it would not be possible to release any of his funds until he provided this information.
6. On 10 March 2019, Mr R emailed Prudential to enquire about accessing his Plan without providing additional information to the FA. He also queried the FA fee of £700.

7. On 12 March 2019, Prudential wrote to confirm that the Plan did not facilitate income drawdown. This was only possible by transferring to a new plan or provider. In order to transfer to another plan with Prudential Mr R would need to obtain financial advice, which would require Mr R to provide full disclosure of any additional pension holdings so that the FA could give "the best advice possible for now and the future". Prudential told Mr R that other providers may offer drawdown without advice, but this carried more risk.
8. On 18 March 2019, Mr R complained to Prudential about the delay and difficulty he faced in accessing his Plan. Mr R felt that the Plan was being "held at ransom" until he disclosed his financial information. Mr R asked when he would receive his lump sum and the value of his Plan on transfer, if he were to move to another provider.
9. On 20 March 2019, Prudential responded to Mr R's complaint. The main points were:-
 - Prudential was unable to provide advice without details of Mr R's other pensions. This was in line with its own procedures and those set by its regulator, the Financial Conduct Authority (**FCA**).
 - Mr R could access his benefits with or without advice. If he received advice, it would be the advisor who would be held accountable. If he proceeded without advice, he would take full responsibility, even if the decision made was unsuitable for him.
 - The charge of £700 for advice was competitive and included any visits to Mr R, plus background work to be completed.
 - Prudential agreed that there had been a delay since Mr R's request in December 2018, but not since involvement of the FA in February 2019. The delay was thereafter being caused by Mr R not providing his financial information.
10. On 21 March 2019, Mr R responded to Prudential. He stated that he did not require any further advice and he wished to proceed with "all risks accepted".
11. On 22 March 2019, Prudential confirmed that the Plan only allowed income drawdown to be accessed on receipt of advice from Prudential, using an alternative independent adviser or by going direct to another provider.
12. On 25 March 2019, Mr R complained that he had received contradictory information. He did not want to disclose any further financial details and he asked for the necessary paperwork so he could access the Plan. Mr R also asked for confirmation of when his lump sum payment would be received.
13. On 28 March 2019, Prudential confirmed again that the Plan did not allow income drawdown. It said the only way he could access the Plan in this way was by transferring to a new product; this could be done with or without advice. Mr R would also need to take financial advice to facilitate a transfer to another provider. Alternatively, Mr R could "...locate a [pension] company on his own who offer income drawdown on a non-advised basis". Prudential also confirmed that Mr R was not able

to transfer the Plan to another income drawdown product with Prudential, without receiving advice.

14. An extended period of correspondence between Mr R and Prudential ensued which did not resolve the matter.

Adjudicator's Opinion

15. Mr R's complaint was considered by one of our Adjudicators who concluded that the complaint should be partially upheld. The Adjudicator's findings are summarised below:-
 - The requirement to obtain "regulated financial advice" was brought into force from 6 April 2015 under section 48 of The Pension Schemes Act 2015 (**PSA 2015**). This requires that, where a member has subsisting rights in respect of safeguarded benefits, the trustees must check that the member has received appropriate independent advice before making a "relevant transaction". Financial advice is therefore required by legislation, and so this part of Mr R's complaint could not be upheld.
 - Mr R has experienced an unnecessary delay in being provided with adequate information on how to access the Plan. The correspondence that ensued between the parties was conflicting and confusing. Prudential ought to have taken greater steps to facilitate better communication with Mr R to ensure his understanding.
 - It was considered that this would have caused significant distress and inconvenience and as a result, Prudential should offer Mr R £500 in line with the Ombudsman guidance for non-financial injustice.
16. Prudential did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Prudential provided further documentation which did not change the outcome. It said:-
 - Mr R wants Prudential to waive its requirements and arrange an income drawdown policy, on a non-advised basis for no cost.
 - During the meeting with the FA, Mr R was informed that he would need to provide information relating to his financial circumstances in order to be provided with the correct advice and the case could not progress without this. He did not object to this at the time.
 - Mr R has been provided with all the necessary information including a full options pack including details on how to access his pension benefits.
17. It was agreed that Mr R was provided with a full information pack in December 2018 which the Adjudicator did not have sight of previously. However, the Opinion remained that the correspondence and communication that ensued after this point was unclear, particularly email exchanges.

18. Mr R accepted the Adjudicator's Opinion. He provided the following further comments:-
- The FA did not provide advice on how to access income drawdown. The FA just wanted to know what other investments Mr R had and what his view was towards investment risk.
 - Mr R agreed to a further meeting with the FA on the grounds that it was to discuss his pension.
19. I agree with the Adjudicator's Opinion and I will therefore only respond to the points made by Mr R and Prudential for completeness.

Ombudsman's decision

20. I have carefully considered Prudential's further comments and correspondence. I agree that the letter sent by Prudential, dated 28 December 2018, contained instruction on how to access income drawdown. It said that Mr R cannot access income drawdown from this Plan and to call Prudential if he wished to move to an income drawdown product. It also stated that he may wish to seek financial advice as some Prudential products require this.
21. However, I agree with the Adjudicator, in that the communication between Mr R and Prudential following this caused confusion and an unnecessary delay in the processing of Mr R's request. I consider that in the circumstances, it would have been reasonable for Prudential to have taken more care to clarify the instruction being given to Mr R and his understanding of those instructions. It was clear that a miscommunication had occurred, and Mr R was distressed as a result.
22. There is no doubt that Mr R has suffered an unnecessary delay in being provided with adequate information on how to access the Plan. An award of £500 is appropriate in the circumstances and in line with my published guidance on "non-financial injustice".
23. I uphold Mr R's complaint in part and make the Direction below.

Directions

24. Within 14 days of the date of this Determination, Prudential shall pay £500 to Mr R for the non-financial injustice he has suffered which has caused him significant distress and inconvenience.

Anthony Arter

Pensions Ombudsman
9 March 2020