

Ombudsman's Determination

Applicant	Mr L
Scheme	Prudential Personal Pension Scheme (the Personal Pension)
Respondent	Prudential Assurance Company Limited (Prudential)

Outcome

1. I do not uphold Mr L's complaint and no further action is required by Prudential.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr L's complaint against Prudential is that it incorrectly transferred £15,168.28 from three funds in the Personal Pension, to a Self Invested Personal Pension (**SIPP**) with Hargreaves Lansdown (**HL**), rather than taking the whole amount from the cash fund in the Personal Pension, as he had intended.

Background information, including submissions from the parties

4. Mr L held benefits in the Universities Superannuation Scheme (**the USS**) and in the Personal Pension.
5. In or around June 2014, Mr L decided to transfer benefits of £15,168.28 from the USS to the Personal Pension. Prudential says that Mr L spoke with its representative on 11 June 2014, and Mr L confirmed that he wished to invest this sum in the cash fund.
6. On 22 June 2014, Prudential received a signed application form from Mr L. The form included a section for Mr L to specify which fund he wished to invest. Mr L stated "Prudential Cash Fund" and 100%.
7. On 13 August 2014, Mr L completed an HL transfer form to transfer benefits under the Personal Pension to the SIPP. In the box marked "Type of scheme e.g. Stakeholder/FSAVC", Mr L wrote "PRUDENTIAL CASH". He also confirmed that the amount to be transferred was £15,168.28.

8. Prudential says it was unable to carry out this transfer request until its own paperwork had been completed. So it wrote to HL on 26 August 2014, with its own requirements. It stated: -

“It is not our policy to complete other provider’s forms. Our scheme information is in part B of the transfer out questionnaire and authority and discharge form. We will also issue an ABI Statement of Good Practice containing our scheme information when making the transfer payment. If you use the Options transfer system please use [reference removed] as the ceding provider reference”.
9. On 27 August 2014, HL sent another transfer request, via the Origo/Options online transfer system, to Prudential. In the “Transfer Notes” section it stated: “Partial transfer of £15168.28”.
10. On 8 September 2014, Prudential wrote to HL. It stated: -

“As it is not our practice to complete other provider’s forms, please find enclosed an ABI statement of good practice on pension transfers. A BACS payment for £15,168.28 is being made to your bank account”.
11. On 11 September 2014, HL confirmed receipt of £15,168.28 from Prudential.
12. On or around 30 April 2015, Mr L called Prudential to complain, after discovering that the transfer had come from three funds in the Personal Pension and not just the cash fund as he had intended. Mr L was also unhappy as he had learned that he would still be liable for fund charges within the Personal Pension.
13. In May 2015, after investigating his complaint, Prudential sent Mr L its final response. The key points were: -
 - The Origo/Options request superseded an earlier request, which had not included Prudential’s paperwork, and the latter only specified the sum to be transferred.
 - No written confirmation was sent after a transfer requested via Origo/Options, so it would have been for HL to confirm to Mr L that the transfer had been carried out in accordance with his wishes.
 - Charges would continue to be applied to any investments held in the Personal Pension, limited to a percentage of each fund every year.
14. In December 2015, dissatisfied with Prudential’s response, Mr L referred his complaint to this Office.

Adjudicator’s Opinion

15. Mr L’s complaint was considered by one of our Adjudicators who concluded that no further action was required by Prudential. The Adjudicator’s findings are summarised briefly below: -

- The information and documents which Prudential received did not provide a clear instruction as to what Mr L intended, as neither the transfer form nor the online request specified that the money should be taken from the cash fund only.
 - The ABI's guidance did not require the sending scheme to establish which funds the money being transferred should come from, so there was no maladministration on Prudential's part.
 - Where the source of funds was not specified, it was normal practice to disinvest equally across all funds, to maintain the existing fund allocation. To do otherwise might result in a complaint of maladministration.
 - Mr L remained liable for charges associated with the funds invested in within the Personal Pension.
16. Mr L did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr L provided his further comments which do not change the outcome. Prudential provided no further comments. I agree with the Adjudicator's Opinion, summarised above, and I will therefore only respond to the key point made by Mr L for completeness.

Ombudsman's decision

17. I appreciate Mr L feels that his instruction of 13 August 2014 was clear. He says that, at the time of the transfer, the Personal Pension was invested in three funds, one of which was Prudential Cash. Therefore, his instruction that the funds being transferred to HL should come from the Prudential Cash fund only could not be open to misinterpretation.
18. However, I do not agree for two reasons. Firstly, while Mr L wrote 'Prudential Cash' on the transfer form, the field specifically requested a type of pension scheme, rather than a fund, giving the examples of a Stakeholder and FSAVC. I therefore consider that it was reasonable for Prudential to assume that Mr L was referring to the Personal Pension, rather than a specific fund within the Personal Pension.
19. Secondly, Prudential has explained that in any case, the transfer form was overridden by HL's online instruction. There is nothing in the online instruction that specifies from which funds the money being transferred should be taken.
20. Moreover, I agree with the Adjudicator that, where the sending scheme has not specified from which funds the monies should be divested, it is standard practice, and reasonable, to divest equally across the funds, to maintain the same investment allocation and the same level of risk.

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21. Therefore, I do not uphold Mr L's complaint.

Anthony Arter

Pensions Ombudsman

28 April 2017