

Mr M is unhappy that The Prudential Assurance Company Limited's review of his annuity found he wasn't due any redress.

### **Background**

In December 2008 Mr M called Prudential after receiving a letter. He enquired about this plan as he wasn't sure what policy the letter had referred to. The call handler explained a bit about the pension policy and where the contributions had come from. She also said that on 6 April 2010 the age at which he could take his benefits was changing from 50 to 55. Mr M was 51 at the time.

Mr M asked the call handler to send out a quotation with all his options. And she agreed to do that and she also confirmed with Mr M whether or not he was married, so that she could send the quotations on the correct basis. Mr M confirmed he was single and the call ended.

Prudential says it then sent Mr M a retirement pack which alongside the quotations, included a 'Key Features Document' that set out all the information about his options and his policy.

Mr M returned his completed forms (evidence provided) to take an annuity with Prudential on 9 January 2009. And his first payment was received on 30 January 2009.

More recently Prudential wrote to Mr M to say that was looking at his annuity sale as part of an industry review carried out for non-advised sales of annuities. The purpose of this review was to look at whether customers had been given adequate information about their choices at the time. The review looked at whether firms in non-advised sales had made customers aware of enhanced annuities and also that customers could potentially get a higher income from an enhanced annuity from another provider.

Prudential sent Mr M a questionnaire to get his recollections of the sale. Mr M called Prudential and confirmed he'd made his choices based on the documentation he'd received at the time of taking the annuity. Following this Prudential wrote to Mr M to say it had found that it had provided enough information for Mr M to make an informed choice about his annuity. And the outcome of the review was that there was no action needed.

Mr M was unhappy with this and raised a complaint.

Prudential looked into it and explained in more detail why it had reached that outcome. It said that it had complied with the terms of the review it was asked to carry out by the Financial Conduct Authority (FCA). It said Mr M had confirmed that he had relied on the documentation he had received when making his choices. And Prudential confirmed that the FCA had determined that its standard retirement packs were compliant and contained enough information about the enhanced annuity option.

Prudential said that its 'Key Features Document' and references elsewhere in its retirement pack made Mr M aware of the enhanced annuity options.

It also confirmed that his postcode had been factored into its annuity calculations. Mr M had raised the point that the area he lived in had a lower life expectancy than much of the country. However, it did uphold Mr M's complaint about the time taken in dealing with his complaint and it paid Mr M £75 in recognition of this.

Mr M contacted this service as he remained unhappy with the result of the review. Mr M told us that he didn't remember getting the 'Key Features Document' and wasn't aware of the option of an enhanced annuity. This would've been relevant to him as he had qualifying medical conditions at the time. Mr M felt that in the call he had with Prudential prior to taking out his benefits with them, they ought to have made him aware of enhanced annuities then.

Our investigator looked into the case but he didn't recommend that it be upheld. His view was that Prudential had given Mr M enough information about the enhanced annuities in the retirement pack to make an informed choice. The investigator said to Mr M that whilst Prudential couldn't provide cast iron proof the 'Key Features Document' had been specifically sent to Mr M, the evidence supported that on the balance of probabilities Mr M would've received it. And he agreed with Prudential that the telephone call was just a request for a quotation rather than a time where his annuity options should have been discussed.

Mr M remained unhappy with this; he said in response to the investigators view that he had no recollection at all of receiving the 'Key Features Document'. And that the word likely has been used about him receiving it. He stated it should be for the business to prove without a shadow of doubt that it did send it to him.

He also said that he found it strange that Prudential had a recording of call from 2008 but couldn't provide a copy of the documentation that it sent him when he took his annuity.

In relation to the telephone call Mr M said that surely the fact that someone was considering accessing their pension, meant that the call handler should've provided all the information then to make sure the customer had fully understood their options. Or at least called back to check that he'd understood his options after receiving his completed annuity forms. Especially as in this instance, Mr M had contacted Prudential because he hadn't quite understood why he had been contacted in the first place.

## **My findings**

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

The issues for me to decide is whether Mr M received enough information from Prudential to make an informed choice about his options. Whether Prudential should've told Mr M about the enhanced annuity options in its telephone call with him prior to sending him his retirement options. And more widely has Prudential carried out its review of Mr M's annuity sale fairly and in accordance with the instructions given by the regulator.

Mr M has argued that Prudential ought to be able to provide absolute proof that it sent him the 'Key Features Document'. He has no recollection of receiving it. However, businesses aren't required to keep information indefinitely. And at this service where evidence is incomplete, we work on the balance of probabilities or what most likely happened.

This happened in 2008, and I don't think its unusual that Prudential wouldn't have a copy of all the documentation that it sent to Mr M at this point. The retirement packs that businesses such as Prudential sent in the time period in question were fairly standardised. Included within are documents specific to the individual customer such as the quotation with the

options set out but also readymade standardised documents such as the 'Key Features Document', that whilst likely specific to the product are not specific to the customer. These would all be printed off its systems and added to a pack to be sent to the customer.

Following a telephone call with a Prudential member of staff in December 2008, Prudential said it would send Mr M a retirement pack outlining his options. We know Mr M received documentation following this call because he sent back the forms to take his annuity. The forms returned by Mr M do make reference to other supplementary documentation being included. And it required him to sign to say he was in possession of a cancellation form which Mr M did do so.

So we know that Mr M received from Prudential all the appropriate forms to take out his annuity, including the accompanying cancellation form which are all part of the retirement pack. And we know that part of Prudential's normal processes at the time was to include the 'Key Features Document' within this retirement pack but that this did not need to be returned. So whilst I accept it's a possibility Mr M didn't receive the 'Key Features Document', on the balance of probabilities the evidence suggests he likely would've done so. For Mr M not to receive the 'Key Features Document' something would've had to gone wrong when Prudential prepared his retirement pack. And this would've been a very common process with procedures put in place to make sure all the correct documentation was sent. We can see from the documentation Mr M returned that he received all the standard forms as part of the pack that needed to be sent back. And so I think it's likely he also received the other supplementary documentation (including the 'Key Features Document') alongside the quotation.

Prudential says it has carried out its review in line with the guidelines given by the FCA. It's also said that its standard documentation (retirement pack and 'Key Features Document') has been deemed compliant by the FCA. Having looked at the review guidelines and the final notice which explained Prudential's failings, I'm satisfied that Prudential has met the standard required in terms of the written documentation sent to Mr M. I think it did send Mr M its retirement pack which included the 'Key Features Document' that had a number of sections where the enhanced annuity option was discussed. So I think Prudential provided Mr M with sufficient written information about his options including the enhanced annuity.

However, the review guidelines also require firms to have adequately outlined customer's options verbally if a conversation about this occurred.

Mr M has argued that the call handler should've made him aware of all his options when he called up to ask about the letter he'd received. Mr M says at the time it would've been clear to the call-handler that he didn't quite understand the policy and the letter he'd received. And if not the Prudential should've checked with him after he sent his annuity choices.

In the FCA review's overall conclusions it says:

*'The majority of our concerns arising from the review published here relate to significant oral communications (usually in the form of a telephone conversation) in which firms discussed with customers their annuity options, but did not mention enhanced annuities or the customer's option to shop around on the open market for a higher income'*

The review says that in significant oral communications firms should've made customers aware of their options and specifically the enhanced annuity options available.

In Mr M's call there was no conversation about his annuity options. Mr M makes reference to a letter he'd received about his policy (presumably about the change in retirement age coming up) and was unsure about the origins of this policy. The call handler briefly explained

where this money had come from and said the retirement age was due to go up shortly from 50 to 55. Mr M then asked to be sent his options and the call handler agreed to do so.

In the situation of the call I think it would've been unusual for the call-handler to then enter into an unprompted discussion of Mr M's options. The call-handler would've known that shortly after Mr M would receive written documentation with the options outlined.

I don't think this qualifies as a significant communication as outlined in the review guidelines. The call wasn't a call about discussing Mr M's annuity options, it was a call about a letter he'd received and to find out more about where the policy had come from.

There is no requirement or expectation on a business in a non-advised sale to double check a customer's understanding after the benefit selection has been made. The documentation received as part of the retirement pack set out all the options available.

In conclusion I think Prudential has fairly reviewed Mr M's annuity sale. So, I don't think it needs to do anymore. I know that Mr M will be disappointed with my decision but for the reasons explained I don't think Prudential has done anything wrong here.

### **My final decision**

For the reasons explained above I don't uphold Mr M's complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask to accept or reject my decision before date.

Simon Hollingshead  
**Ombudsman**