

The complaint

Mr B complained because The Prudential Assurance Company Limited gave him an incorrect early retirement quote ("ERQ").

What happened

In 2017 Mr B asked Prudential for an ERQ, which it provided. Mr B sought advice from an independent financial adviser about whether taking early retirement was possible. It was feasible, but Mr B decided not to take it. In 2019 Mr B asked Prudential for another ERQ, which it again provided. The quote was lower than the one in 2017 - the tax-free amount he could take and the pension income had reduced. Mr B queried this with Prudential.

Prudential told Mr B the two quotes had been calculated differently. It had decided following a review in the intervening period that the discretionary retirement basis which formed part of the 2017 quote was too generous, and this was corrected for the 2019 quote. One of the changes was that the guaranteed minimum pension value ("GMP") was now only payable from aged 65, whereas the previous quote was based on it being payable before 65. Prudential also told Mr B that it was entitled to change the basis of its calculations without telling policyholders.

Mr B complained to us. He accepted Prudential was able to change the ERQ calculations without telling him. But he felt it had a duty to tell him about the error in the 2017 ERQ - otherwise he was left with a false indication of his pension level and incorrect figures were used in his financial review.

Our investigator didn't think the complaint should be upheld. He felt that even if the figures Prudential provided in 2017 were incorrect, Mr B would still have obtained financial advice at that time and would still have chosen not to retire early. So, in effect, he felt Mr B hadn't been disadvantaged by the 2017 quote. Our investigator also felt Prudential had made Mr B aware in 2017 that the basis for any quote calculations could change in the future. He also felt Prudential had made Mr B aware in 2019 when it provided the ERQ that any part of the pension falling under the GMP wouldn't be payable until his 65th birthday.

Mr B disagreed with our investigator. He said there was a clear error with the 2017 quote because it wasn't possible for the GMP to be paid before he turned 65. And due to Prudential's error with the figures in 2017 he was left with a false expectation regarding the level of his income, which impacted on his financial planning.

Mr B has confirmed to me that his plan since the financial review in 2017 was to take his pension early, and the lower quote in 2019 came as a shock. So although he's now retired, he decided to let this plan run to maturity. Mr B has also told me that ultimately he hasn't suffered any financial loss; however, he referred to the stress caused by unwittingly providing false data to the financial adviser at the time.

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.

When I consider a complaint like this I look at:

- whether the business involved did something wrong and/or treated the consumer unfairly, and
- whether the consumer was disadvantaged or lost out as a result. It could be, for example, that a business treated a consumer unfairly or did something wrong but the consumer didn't lose out. Or the consumer lost out but they would have lost out irrespective of what the business did.

If I decide that a business has to do something in order to put things right I try, as far as is reasonably possible, to put consumers back into the position they would have been in had the problem not existed in the first place. So if something went wrong, it's important for me to think about what the consumer would have done if things had run smoothly.

Prudential said to Mr B that in 2017 a value had been attributed to the GMP in error as if it was payable prior to the GMP pension age. So it does look like there was an error in the figures Mr B was provided with. But I haven't dwelt too much on this because I don't think any incorrect figures disadvantaged Mr B. He told me he wasn't disadvantaged financially, and that does appear to be the case based on what I've seen. That's because even though incorrect figures would have given Mr B an incorrect picture of his pension value (although he wouldn't have known that at the time, or that he was giving incorrect figures to the financial adviser), I think it's more likely than not he would still have sought financial advice if he'd received correct figures - and therefore incurred the costs that entails. And as the correct figures would have been lower than the actual ones he received, I think it's most likely he still would have decided to not take early retirement. So I don't think Mr B lost out or was disadvantaged in that respect.

There is an argument that Prudential ought to have told Mr B once it discovered that the figures in 2017 were incorrect so that he had an accurate picture of his pension's value. But the ERQ was only valid for a few weeks. And similar to above, if Prudential had told him I think Mr B would still have chosen to not take early retirement.

Of course, I accept it would have been a shock to Mr B to find out in 2019 that the figures were lower than the ones in 2017. But I don't think any distress or inconvenience he suffered due to that warrants any financial compensation. It still would have been a shock, even if he'd known earlier; and it wouldn't have changed his actions. Mr B retired in the end and decided to keep this pension running until he turned 65. And it's likely he would have done that if he'd been given the values without the GMP part of the pension in 2017.

So, to summarise, whilst I think Prudential provided Mr B with incorrect figures in 2017, I'm not persuaded that affected Mr B sufficiently enough to warrant me making it pay compensation.

My final decision

For the reasons outlined above, 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 1 July 2020.

Paul Daniel
Ombudsman