

The complaint

Mrs B has complained about pension advice she received from The Prudential Assurance Company Limited in 1989.

What happened

Mrs B was advised to transfer deferred benefits she held in an occupational pension scheme into a personal pension. She began to take some benefits from the personal pension in 1997 and receives an annuity.

Mrs B complained in 2019. Prudential responded and said that the advice to transfer had already been investigated as part of the industry wide 'Pension Review'. That investigation had initially concluded that Mrs B had lost out because of the transfer and compensation had been calculated and paid. This was paid by way of increasing the annuity payments.

Mrs B remained unhappy. She said that former colleagues were receiving higher pensions with annual inflation increases. She referred her complaint to this service.

The complaint was considered by an investigator. She explained the background to the Pension Review and said that she didn't think the complaint could be upheld. She was satisfied that Prudential had calculated redress in accordance with the Pension Review guidance. The Review was designed to provide a final resolution, and there was no requirement on a business to make a second calculation at a later date.

Mrs B didn't agree and asked for a decision from an ombudsman. She reiterated that former colleague's pension's increased year on year, but her annuity didn't.

As no agreement has been reached the case has been referred to me for a final decision.

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.

Having considered all the evidence, I've reached the same conclusion as the investigator and there is little that I can add to what she has already said. I know this outcome will disappoint Mrs B, but I must reach an impartial decision based on the evidence.

The advice Mrs B received in 1989 was investigated as part of the Pension Review. This Review was designed as a one-off exercise, to assess whether individuals had been disadvantaged by the advice to transfer and, if so to compensate for any loss.

Prudential compensated Mrs B for losses arising out of the pension transfer advice in 2002. It may be true that the sum she accepted has not in fact put her in the same position she would have been in had she not transferred her pension in 1989. But I'm afraid that doesn't mean that I can reconsider the original advice she was given, or reassess the compensation

offer as Mrs B wishes.

I'm satisfied that Prudential calculated its offer in line with the regulator's guidance for the Pension Review. The regulator had set a very specific methodology for the calculation of loss. And it is that methodology, and the standards from that time that I have to consider in this complaint. I can't insist that Prudential make a new calculation now as the Pension Review provided for final, one-off payments of compensation and didn't provide for any future reassessment. Prudential was only required to carry out the review once, based on assumptions the regulator told it to use at the time. The fact that these assumptions may not have been achieved is not grounds to tell Prudential to redo the calculation. And unfortunately, that can be a significant cause of further loss.

Mrs B was in a slightly unusual position at the time of the investigation as she was already receiving benefits from the personal pension. However, the Pension Review provided guidance on how redress should be calculated. The Review didn't require that the business, in this case Prudential, precisely replicate the benefits that may have been payable from the original pension scheme.

And in this case that comparison may not have been possible anyway. That's because there was disagreement about whether Mrs B would have been able to take any benefits from the original scheme so early. Prudential didn't accept that she would have been eligible for early retirement on health grounds. I know Mrs B disagrees with that, but that's not an issue I can re-open now, she accepted Prudential's offer in settlement back in 2002.

I do appreciate Mrs B's frustration and disappointment, but I don't uphold this complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 17 June 2020.

Keith Taylor
Ombudsman