

The complaint

Mrs C has complained about The Prudential Assurance Company Limited. She is unhappy about the advice she received in 1989 to leave her employer's pension scheme and start a pension with Prudential instead.

What happened

Mrs C took advice in 1989 and left her employer's pension scheme moving the fund to Prudential.

In 2001 Prudential contacted Mrs C and offered to review the advice she had been given in accordance with the industry wide pension review. Mrs C agreed to the review and the review concluded that the pension had been mis-sold to her. So Prudential made a calculation to assess any financial loss she may have suffered because of the poor advice. Prudential says the calculations were made in line with the regulator's guidance. Prudential calculated the loss at just under £6,000 and made an offer to Mrs C which she accepted. This sum was then added to her pension fund.

But as Mrs C approaches her retirement she has realised that despite the offer she accepted, her pension entitlement will still be lower than if she had stayed in the original employer scheme. Understandably she is unhappy about that and made a complaint to Prudential.

Prudential didn't uphold the complaint. It explained that it had reviewed the sale in line with the Pension Review. It had made the correct calculations applying the correct assumptions. It said that the pension review intended for 'one-off' payments as settlement and there was no requirement for a further calculation.

Mrs C referred her complaint to this service where it was considered by an investigator. He obtained the calculations Prudential had made in 2001 and checked that the correct data had been used. He explained that the calculations appeared to have been made in accordance with the Pension Review guidance and the compensation offered was intended to be a one-off payment. So although financial growth had not been as expected and Mrs C may be worse off, he didn't think that Prudential had acted unfairly judged by the standards that applied when the offer was made.

Mrs C didn't agree and asked for a decision from an ombudsman and so the case has been referred to me.

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.

I agree with the investigator and with his reasoning. There is very little that I can add to what he said. I don't uphold this complaint. I appreciate that this is not the outcome Mrs C was hoping for, and I do understand her position.

Prudential compensated Mrs C for losses arising out of the pension transfer advice in 2001. 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 C 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 we 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.

I do appreciate Mrs C's frustration and disappointment at what is a very significant stage in her life as she prepares for retirement. But I do not uphold this complaint.

My final decision

I don't uphold this complaint about The Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 8 June 2020.

Keith Taylor
Ombudsman