

## The complaint

Mr W complains that The Prudential Assurance Company Limited allowed too little time for him to investigate and decide his pension options.

## What happened

Mr W had a personal pension with Prudential. In a letter dated 6 July 2011, he told Prudential he was intending to retire towards the end of September 2011. This was a change to his selected retirement date, which was originally expected to happen the following year. Whilst Mr W indicated he was intending to take a lump sum and buy an annuity, he said he'd like information on the range of options available. So, he asked Prudential to confirm the process for telling him about his pension options and when that process would start.

Prudential responded on 11 July 2011. It said it usually issued retirement quotes around a month before the intended retirement date - so in Mr W's case it said that would be about 31 August 2011. It said any quotes it gave could be guaranteed for a maximum of four weeks. Prudential indicated that the options available to Mr W at retirement were:

- *take a tax-free cash lump sum with a reduced pension. The maximum amount we can currently offer as a tax-free lump sum is 25% of the fund value. The remainder of your fund would then be used to purchase an annuity which is payable throughout your lifetime;*
- *to convert the whole of your pension to buy an annuity income from Prudential;*
- *to select to take an income and cash sum between 55 and 75. After 75, you no longer can take a cash sum, only an income is available;*
- *to buy an income with another annuity provider using the 'open market option'*

Mr W wrote to Prudential on 16 July 2011. Amongst other things, he acknowledged that unless he heard otherwise, he'd next expect to hear from Prudential in August 2011. Prudential says it sent the quote on 30 August 2011 (together with a key-facts document) and it made a follow up call to Mr W on 7 September 2011. According to its records, Mr W told it he hadn't yet looked at the quotes he'd received.

Mr W called Prudential on 13 September 2011 and said he wanted it to send him a quote for the 'open market option'. Prudential did that on 19 September 2011 and also sent Mr W the relevant forms to complete.

A financial adviser wrote to Prudential on Mr W's behalf on 23 September 2011, indicating he was looking to transfer his pension fund to another provider. Mr W then contacted Prudential confirming he wanted to buy his annuity with Prudential instead and he said his application to transfer his pension to another provider had been cancelled. The financial adviser gave similar confirmation to Prudential.

Prudential contacted Mr W in February 2019. It asked him - as part of an industry wide review set up by the Financial Conduct Authority (FCA) - whether he felt he'd had enough information when he took out his pension annuity - particularly about medical conditions that might have led to an enhanced annuity. Mr W indicated he had no particular concerns about

the information he'd received, but he did complain about the short amount of time he was given by Prudential to consider his pension options.

Prudential responded to Mr W's complaint in February 2019. It didn't uphold it. It said it hadn't given Mr W financial advice as it sold the annuity as a direct sale. And, contrary to Mr W's suggestion that he'd felt rushed into making a decision, Prudential said it was satisfied it acted in a timely manner when responding to his notification of his earlier retirement date and when preparing quotes. And based on the responses Mr W then gave (including when indicating he eventually decided not to risk moving his pension fund when the economy was unstable) Prudential felt he had a good understanding so as to enable him to make an informed decision.

In August 2019, Prudential contacted Mr W and told him that, on review, it felt that some information could have been made available sooner when Mr W was considering his retirement options. In recognition of that, it gave Mr W £500 compensation.

Mr W brought his complaint to us. Amongst other things, he told us he didn't think Prudential had given him enough time to properly research his options. And due to "*the economic situation at the time and general publicity regarding the downward spiral of annuities, I felt I had little choice but to keep with Prudential, which I did*". In terms of the £500 compensation Prudential had already given him, Mr W was concerned about how it calculated this figure and asked if it took account of the amount of pension he might have got on the open market some years earlier (as Mr W had originally intended to move his pension to another provider from which he'd expected to get an extra £40 a month in income). He also wanted to know if it accounted for any future losses he might suffer.

When responding to our service, Prudential confirmed that the £500 compensation payment was intended to reflect that its 11 July 2011 letter could have been clearer. In particular, it felt the wording might have given Mr W the impression he could only start exploring his retirement options (particularly the 'open market option') a month before his retirement date when that wasn't the case.

One of our investigators looked into the complaint. She didn't think Prudential needed to do anything more. She was satisfied that it had appropriately responded to Mr W's requests for information in a timely manner. That said, she recognised Prudential had paid £500 compensation in recognition that its 11 July 2011 letter wasn't clear enough. She thought that was a reasonable response in the circumstances. Mr W didn't accept the investigator's assessment and asked for an Ombudsman to consider the matter afresh. So, the complaint's been passed to me to decide.

### **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 appreciate Mr W feels that Prudential didn't give him enough time to make an informed decision about his pension options. And he thinks he's suffered a financial loss because of that as he'd likely have got more pension income under the 'open market option'. But, under pressure, he says he eventually opted to stay with Prudential.

I think it's important to say here that, initially Mr W wasn't expected to retire until 2012. But he brought that date forward and the first that Prudential appears to have known about that was when Mr W got in touch in July 2011 to ask about his options. So, with that in mind, I've considered whether Prudential responded to Mr W's request for quotes and information in

enough time so as to enable him to make an informed decision. And for the reasons I'll go on to explain, I'm satisfied it did.

I can see that Prudential responded to Mr W's July 2011 letter within a few days of receiving it. And I think that timeframe was reasonable. I note that Prudential told Mr W it typically sends out pension quotes and supporting information about a month before the expected retirement date. I think it might have been more helpful if Prudential had said a bit more about why it doesn't send quotes out any sooner. It's because the information used to inform pension quotes changes frequently, so the pension provider will want to ensure they're as up to date as possible. And once sent a month or so before the retirement date, Prudential says it's able to guarantee the figures for a maximum of four weeks. So, assuming an option is accepted within that timeframe, they're the figures on which any final pension payments are likely to be based. And whilst I appreciate that Mr W might have preferred to have received the quotation sooner (as he said he felt hurried to make a decision once he had it) I don't think the fact Prudential didn't send it until the end of August 2011 caused a delay, or prevented Mr W from researching his options.

I say that in particular because in its letter of 11 July 2011, Prudential gave Mr W other important information about the various options that were available to him – including shopping around under the 'open market option'. I'm satisfied this would have been enough information to enable Mr W to start exploring his options. And as Prudential gave Mr W that information more than two months before his retirement date, I think it was given in good time. I've seen no evidence to suggest Mr W told Prudential at the time that he wouldn't have enough time to make an informed decision. In fact, I can see he indicated he'd wait to hear from Prudential towards the end of August 2011.

Having sent Mr W quotes around the end of August 2011 as expected, Mr W then asked Prudential to prepare a quote under the 'open market option'. And Prudential sent that about six days later. I'm satisfied that was a reasonable response in the circumstances – considering Prudential had to prepare the quote and the associated forms for Mr W to complete.

In response and with the help of a financial advisor, Mr W then signed the relevant forms to complete the transfer. And from that point on, it seems everything was on track for Prudential to complete Mr W's transfer request to the new provider he'd selected (and from which he expected to receive a larger pension income). But, just before that process was completed, Mr W said he didn't want to continue with it and said he'd instead chosen to buy an annuity with Prudential.

Mr W's indicated he changed his mind because Prudential hadn't given him enough time to fully explore his options. And he suggested he felt pressured to stay with Prudential. I appreciate that making the right retirement decisions is really important. But, I've seen nothing that indicates Prudential didn't allow enough time for Mr W to make an informed decision, or that its actions (or lack of) led Mr W to change his mind about transferring his pension to another provider.

Mr W told us the *"economic situation at the time and general publicity regarding the downward spiral of annuities I felt I had no choice but to keep with Prudential, which I did"*. And, on balance, I think his concerns about the uncertainty within the market are more likely to have influenced Mr W's decision to keep his pension with Prudential - for a lower sum - than move it to the alternative provider. But that was his choice and I'm not persuaded that insufficient time or a lack of information from Prudential significantly influenced that decision. And I don't think Mr W's decision is something Prudential is responsible for.

I recognise that Prudential could have been clearer in one letter, for which it's provided fair compensation of £500. But, as I've said, I don't think it's responsible for Mr W's choice not to take the alternative pension for a higher income. It follows, for all of the reasons I've set out above, that I don't think The Prudential Assurance Company Limited has done anything wrong. So, I won't be asking it to do anything more.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 March 2021.

Amanda Scott  
**Ombudsman**