

The complaint

Mr M complains that The Prudential Assurance Company Limited isn't being truthful about his pension. Prudential say that Mr M chose to take his pension in 2012. It says it paid him a lump sum and continues to pay him a monthly annuity. Mr M says he never signed to take anything and he didn't receive the lump sum.

What happened

In 2019 Mr M complained to Prudential after he received a letter about his pension. He said he'd never signed to take his pension in 2012 and hadn't received the lump sum Prudential says it paid him in 2012. Mr M wanted to cancel his annuity and get a lump sum.

Prudential investigated and replied to Mr M saying it would not be upholding his complaint. It explained that in 2012 Mr M had completed application forms to take a tax-free lump sum and the remainder of his pension fund as a monthly annuity. Enclosed with its response was a copy of the form that Mr M had signed and sent to Prudential to request payment. It also explained that it had been sending Mr M annual p60 forms showing the annuity payments to his address.

Mr M said he'd never received these letters or the payment of the lump sum in 2012. He believed he'd been conned by Prudential. Unhappy with its response Mr M brought a complaint to this service.

Our investigator looked into things and Prudential sent us its file. Included in this file was all the paperwork from when the payment was set up. This included Mr M's signed application form which had been filled in with all the personal details needed so that the annuity could be paid to Mr M.

Mr M disputed that the payment in 2012 had been sent to him. He said he expected something to be paid to him on his 65th birthday and Prudential was lying about sending him the money in 2012. The investigator asked whether Prudential had any records on its systems of the cheque for the lump sum being cashed. It said it didn't, but it would've investigated at the time if a cheque hadn't been cashed. It said it couldn't trace the payment now as seven years had passed but Mr M may be able to get statements from his bank from 2012.

Our investigator wrote to both parties to say that he wouldn't be recommending the complaint be upheld. He explained that all the evidence showed that Prudential had in all likelihood sent Mr M the money in 2012 as requested by Mr M.

Mr M received a payment in February 2020 relating to his annuity following a separate review that Prudential had carried out and where it found it had underpaid Mr M. Mr M originally thought that this was his tax-free cash payment that Prudential said it sent him in 2012. And he said this figure was much lower than what Prudential said it paid him. However, after the investigator looked into this, Mr M understood that this was a separate payment. Mr M was then able to locate bank statements from 2012 and this showed that he

was paid the lump sum that Prudential said it had paid him. However, Mr M remained unhappy as he thinks the annuity he's getting is a rip-off and he expected more.

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.

What I have to decide is whether Prudential has paid and is paying Mr M in line with what was agreed in 2012.

As Mr M now appears to accept, Prudential did pay him the lump sum in 2012. The evidence clearly shows that in 2012 Mr M instructed Prudential to pay him a tax-free lump sum and he chose to have the remaining amount paid as a monthly annuity. Prudential sent confirmation of this at the time and annual letters as well with the annuity amount detailed. And Mr M has sent us his bank statement from 2012 showing he received this money.

So I don't think its necessary to discuss this in any more detail. However, Mr M remains unhappy as he doesn't think the annuity is paying him what he was led to believe. Mr M wants to cancel or cash in the annuity on this basis.

Mr M says that he thinks the annuity is a rip off as he's only getting £35 a month but was led to believe he'd get around £200/300 paid to him as a lump sum at 65. However, Mr M chose to take his benefits in 2012 and the figures were set out then and he agreed to these. There is no mention of a later lump sum to be paid to Mr M. Mr M signed up for an annuity to be paid for life.

The paperwork explained that once the annuity was set up it couldn't be altered, and Mr M was given a 30 day period to cancel the annuity if he wished to do so. So I think Prudential did make Mr M aware of what he was signing up to then and he agreed to this. And I don't think it would be fair and reasonable to say that Prudential did something wrong and that it should agree to cancel Mr M's annuity on this basis.

However, on a related note, I see that following a review of its non-advised annuity sales, Prudential increased Mr M's annuity in payment recently. It appears that this is because Mr M had a medical condition and Prudential found that it didn't make him fully aware of his options, so it has compensated him for this. As this wasn't part of this complaint, I cannot consider this here.

Due to Mr M's unhappiness with the annuity and wanting to cancel it, Prudential explained that legislation only allowed for annuities to be cashed in if they are under £10,000. And that the legislation was at the providers discretion and it had chosen not to offer this. Mr M's annuity was set up based on his instructions and what was agreed then in 2012. I don't think it would be fair to say that Prudential should cancel his annuity or allow him to cash it in on the basis that it hasn't paid him what was agreed then.

However, since this time, Prudential has separately reviewed the annuity sales process (relating to) Mr M, and the value of his annuity has changed due that review. It's possible that the value now exceeds the £10,000 in any event but Prudential hasn't commented on this. However, this decision only relates to whether Prudential has paid Mr M what it agreed to in 2012, any other matters relating to the annuity set up don't fall within the scope of this decision.

I'm sorry to hear of the financial difficulty Mr M has told us about however we've been able to establish that Prudential did pay him the annuity and tax free cash that he agreed to in 2012.

my final decision

For the reasons explained I do not uphold Mr M's complaint and I make no award.

Simon Hollingshead
Ombudsman