

The complaint

Mr B complains about the way the The Prudential Assurance Company Limited (“the Prudential”) dealt with his purchase of an annuity which meant he got less income than he could’ve.

What happened

Mr B said that in August 2018 he was considering buying an annuity. The Prudential sent him three quotes. He had settled on the highest but before accepting he was contacted by the Prudential. It said it was going to offer a new service from September offering a wider choice of annuity quotes which should ensure he got the highest price. He said that on that basis he deferred accepting the quote provided. Following further advice from The Prudential he deferred his retirement date by a year to 2019. The following year he asked for new quotes and was sent six. The top three providers were the same as the year before and in the same order. He thought it odd the top three were identical to the position the year before. However, the terms offered a lower annuity than he would’ve got the year before. He felt he’d been misled and misadvised by the Prudential. He felt the only reason he lost out was because of the intervention by the Prudential. He wanted the Prudential to make up the shortfall and make a payment for distress and inconvenience.

The Prudential listened to the call recording with Mr B in summer 2018. It said it didn’t think it gave him any advice about not taking his benefits at that point. It didn’t uphold the complaint.

The investigator said he didn’t think the Prudential needed to take any action. He said Mr B first complained in autumn 2018 complaining about a reduction in his fund value. The Prudential replied on 29 October 2018 and advised of the option to refer the complaint to this service within the following six-months. As Mr B didn’t bring this complaint to this service within that six-month time limit this service wasn’t able to investigate it.

He also said he’d listened to a recording of the call from August 2018. At the start the agent from the Prudential made clear he would only provide factual information and not financial advice. The agent made Mr B aware he could defer accepting his annuity quote to make use of the new annuity service. Mr B said he picked an annuity but hadn’t reviewed other annuity providers yet. Mr B asked if he didn’t go ahead would he have the option to review his annuity through the new service. The agent confirmed this as the new service would provide more options from more companies. He didn’t need to decide now but could shop around or use the new service that was available from early September 2018. The investigator said he was satisfied that the Prudential didn’t give any financial advice but instead made Mr B aware of his options and didn’t tell him to delay taking his annuity.

Mr B didn’t agree. He said that the August 2018 call was unsolicited and the result of it was that he was persuaded to delay taking his annuity. He didn’t think making a call was normal and felt that important changes should be communicated in writing so that customers understood the full facts and could make a considered decision. He thought failing to do this wasn’t professional or legal. Secondly, he was on holiday at the time of the call so couldn’t check what was being said. What was very clear to him was that by delaying he could

benefit from a wider choice of the market and by implication better value than what was on offer at the time.

He hadn't had the benefit of listening to the call, but any interpretation was subjective. He objected that the investigator's letter referred to him by his surname whereas references to the agent used a first name. He felt this seemed over friendly and created a sense of deference towards the Prudential which he didn't feel was impartial.

Lastly, he said the timescale of the delay in taking the annuity was due to subsequent circumstances following that conversation. Because of the delay the Prudential told him he must change his retirement date to August 2019.

The investigator said the call showed Mr B was told the new service would provide more choice not a better deal. He also sent on the call recording. Mr B didn't change his mind and said that the fact the top three companies offered were the same and in the same order showed the new wider choice didn't really exist.

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.

Mr B complains that there was a fall in his fund value and secondly about the issues surrounding the delay in taking out an annuity.

There are rules governing what this service can consider. These are set out in the Dispute Resolution Rules or DISP. DISP 2.8.2 says that this service cannot consider a complaint if the complainant refers it to this service (1) more than six months after the date on which the respondent sent the complainant its final response.

I can see from the papers that Mr B raised a complaint about the fall in value of his policy in late 2018 and the Prudential issued a final response to Mr B on 29 October 2018 and advised that he had six months to complain to this service. As it was more than six months after 29 October that Mr B referred this matter to this service, we cannot consider it.

With respect to his complaint that he suffered due to advice from the Prudential I can consider this as he made complaint to this service within the six-month time limit. I have reviewed all the papers on the file and listened to the call between Mr B and the Prudential from mid-2018.

I note in the introduction to the call that Mr B is told the call is being recorded, and that what will be provided is information and not financial advice. However just saying that it isn't financial advice doesn't mean that he wasn't given advice. I have therefore carefully considered the substance of what was said.

It is clear the intention of the call is to advise Mr B that a new service is being introduced from 3 September 2018. After that date instead of providing annuity quotes from three providers, customers will be offered a service looking at more options. The adviser says this should ensure customers get the highest income from their annuity.

Mr B suggests that he understood using the service would give him a better income than the ones already quoted. But I don't think that is the case. While the adviser refers to the highest income, I think it is clear he is referring to the highest income available from reviewing all the options at that time and not just from three providers, that doesn't mean other providers will

give a higher quote. Mr B himself says that he is currently considering the highest of the three quotes but hadn't yet gone online to check comparisons. So, it is clear to me that he understood he may or may not find a higher quote in the open market. There is no suggestion that the new service will offer a better rate just ensure he explores more providers to ensure he finds the best rate then available for him.

Also, in the call, Mr B reconfirmed that he understood the new service is available from third September 2018 and says he will decide whether to take up the current offer but is aware the new service is available from that date. Had Mr B thought the new service would ensure he got a better rate then I don't think he would've said he would consider the existing offer and then decide what to do.

I don't think the adviser provided any financial advice but instead provided information. I say that because the adviser confirms to Mr B that his options are to go ahead with the current papers or to call back after 3 September if he wishes to use the new service. So, the adviser doesn't make any recommendation. There is some discussion about whether the new service will repeat all the compliance requirements to date and therefore be time consuming. But there is no recommendation as to which the better option is, nor any suggestion he must use the new service at all.

Mr B also says that the result of that call directly resulted in him not taking the original annuity offer and that the Prudential made him delay his retirement age. But I don't agree. I say that because at the end of the call it is clear he is going to go and consider his options. He didn't say that he was going to delay his decision in order to use the new service and he does not in fact do that as he didn't immediately contact the new service.

I can also see that by the time of the August 2018 call Mr B's selected retirement date has already passed. His next main contact is around October 2018 when he complains about the fall in fund value. It isn't until June 2019 that the Prudential contacts him to ask about his retirement date and advise that the minimum deferral period is a year. So, it seems the delay in the retirement date isn't raised until nearly a year later and as his retirement date had already passed when he spoke in August 2018. So I cannot conclude that the delay meant the Prudential made him change his retirement date. It seems instead the change in retirement date is because of Mr B not progressing to accept any of the offers or to take up one from the market by his selected retirement date.

Even if I am wrong in that conclusion based on the call the Prudential didn't advise him to delay taking the annuity and use the new service nor delay his retirement date. While the delay in taking the annuity terms offered in 2018 has meant his retirement date was moved to 2019, based on the evidence I can't reasonably conclude that the delay was caused by any advice from Prudential.

I have considered that the call was unsolicited and received while he was away on holiday and there was nothing in writing. I can understand that he may not have been focused on the annuity issues as he was on holiday and may not have had papers to hand at that time. But having listened to the call recording I think Mr B was clear of his options at the end of the call and not under any impression that he should delay. Indeed, it seemed he was still intent on finishing his consideration of the current offer and comparing others before he decided. He wasn't being given details of a new annuity offer so I don't think it mattered that he didn't have any papers to hand and wasn't provided with written information at that time. I say that because he didn't need to refer to any details as the call simply advised him of a new service he might wish to use.

I note Mr B's comments about the new quotes and that the new service didn't give him wider choice. I note he says the top three quotes were from the same providers and in the same

order as the previous year. But it is clear there were more quotes and the Prudential didn't guarantee the wider choice would bring a better rate. The greater number of quotes just offered the potential to find one that was better than the three the Prudential would have provided. Whether or not the other quotes were better would've depended on Mr B's details and the market at that time. So, I don't think Mr B was misled even though the service didn't actually find him a better offer.

So, for the reasons given 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 Mr B to accept or reject my decision before 7 October 2020.

Colette Bewley
Ombudsman