

The complaint

Miss K complains that despite having a personal pension plan with The Prudential Assurance Company Limited (Prudential) she cannot take out an annuity with it.

Miss K also complains about the information Prudential provided to her about her pension options. She says she feels the information was misleading.

What happened

I understand that Miss K had two pension plans with Prudential. She used one of the plans to buy an annuity with Prudential several years ago. In 2019 Prudential wrote to Miss K about her remaining pension plan and set out the options available to her.

In a letter dated August 2019, under the heading '*You can choose what to do with-your retirement benefits*' it said:

Retirement is changing. More of us are working later on in life. So pensions are changing too. Changes to the regulations mean you've now got several options when it comes to taking your benefits. Currently, once you're 55, you can normally:

- *Take it all as cash, with 25% tax-free and the rest added to any other income for the year and taxed*
- *Take money out of your pension pot in stages. Each time, 25% is tax-free and the rest is added to any other income for the year and taxed*
- *Take up to 25% as a tax-free lump sum and take the rest as taxable regular payments or one-off amounts. To do this, you need to transfer to a Drawdown plan.*
- *Take up to 25% as a tax-free lump sum and use the rest to buy an annuity*
- *Take a combination of all these options.*

Miss K understood this letter to mean that she would be able to '*take up to 25% as a tax-free lump sum and use the rest to buy an annuity*' with Prudential.

But when Miss K contacted Prudential to arrange an annuity, she was told it no longer offered annuities. It put Miss K in touch with an independent financial adviser to discuss the options available and to help her to arrange an annuity. It said the adviser would be able to access a range of annuity providers and it said Miss K would not be charged a fee or have a reduced policy value if she accessed an annuity product with the provider recommended by the adviser.

Miss K wasn't satisfied with Prudential's response and referred the matter to this service. She explained that she wanted to take out an annuity with Prudential and she felt the information it sent setting out her options was misleading.

Our investigator didn't recommend that Miss K's complaint should be upheld.

She said, in summary, that Prudential was entitled to withdraw from the annuity market. She also said she didn't think the information Prudential had provided to Miss K was misleading. She noted that Miss K said she felt the wording Prudential had used was in effect a contract and that it should be required to provide her with an annuity. Our investigator said she didn't agree. She said the information Prudential had sent Miss K about the options available were generic options and she didn't think Prudential was committed to providing any of the products or services it had outlined.

Miss K didn't accept our investigator's view and asked for her complaint to be determined by an ombudsman. Miss K said she felt Prudential shouldn't have given 'generic' information.

She said that when she read the information Prudential had sent:

'I looked at it as authentic, trustworthy material ... I already had one annuity with the Prudential. So, I thought it was alright for me to have another one. There was no proper indication in (the) correspondence from the Prudential to inform me that they had actually closed to new annuities.'

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 am sympathetic to Miss K's position and I have very carefully considered the points she has made.

It is clear that Miss K carefully read the information she received from Prudential and, as an existing annuity holder with Prudential, expected to be able to take out another annuity with it. I appreciate that Miss K is very frustrated that she has been unable to do so.

However, as our investigator explained, Prudential is entitled to withdraw products from its product range. Prudential has said it chose to withdraw from the annuity market as it experienced a significant drop in the number of customers taking out annuities with it after changes were introduced in 2014/5 that allowed consumers more freedom in the way they can take their pension benefits. I appreciate that Miss K wanted to take out another annuity with Prudential, but I can't reasonably say that it did anything wrong when it chose to stop offering annuity products.

I have also carefully considered all the comments Miss K has made relating to information she received from Prudential. In particular, I have reviewed the letters it sent Miss K and considered whether they are misleading. Having done so I don't think the letters were misleading or indicated that Miss K would be able to take out an annuity with Prudential.

As Miss K had an existing annuity with Prudential, I can see why she thought she would be able to take out another annuity with it. But I haven't seen anything in the documentation sent to Miss K that said, or suggested that this was an option. So I can't agree that the information was misleading or committed Prudential to offering Miss K an annuity. But I do understand that, as an existing annuity customer, Miss K expected to be able to take out another annuity with Prudential.

Miss K says she has discussed taking out an annuity with another provider using the financial adviser Prudential put her in touch with. Miss K says she is concerned that taking out an annuity with another provider '*... will be a complex and lengthy process. I never wanted to go through another provider.*'

I appreciate Miss K's concern and I would encourage her to engage with her financial adviser to address any questions she has about taking her pension benefits. The adviser is trained and qualified to answer Miss K's questions and to ensure that Miss K understands the options available.

I do understand that thinking about what to do with this pension pot might seem daunting, but as Prudential set out in its correspondence with Miss K:

When you're deciding what you want to do with your pension pot, you should consider all the options and their tax implications. Pension providers offer different products with different features and options, including the product terms, rates, funds or charges that might be appropriate for your individual needs and circumstances.

That's why it's important you shop around. So, whatever you decide to do - whether that's an annuity, drawdown or something else, it's the right decision for you.

For annuities, it's important to shop around so that you can get the highest possible income. Both health and lifestyle can increase the amount of income you or your partner (if joint life) could get. This is known as an enhanced annuity. Prudential doesn't offer enhanced annuities but you might qualify for an enhanced annuity with another provider and get a higher income. It's important for you to know that different providers might use different criteria to assess your health and lifestyle conditions which could give a higher income. That's why it's very important that you shop around.

I do understand that this is not the decision Miss K was hoping for. But having very carefully considered this matter I don't think Prudential has done anything wrong or that the information it sent to Miss K about taking her pension benefits was misleading.

My final decision

My decision is that, for the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 23 March 2021.

Suzannah Stuart
Ombudsman