

The complaint

Mr R complains about an annuity taken out through Prudential Assurance Company Limited. He says that when he contacted Prudential it didn't tell him about the open market option (OMO) or that he may be able to get a higher annuity elsewhere. He says he has lost out financially as a result.

What happened

Mr R had a pension plan with Prudential. On 4 February 2008, Prudential sent Mr R his retirement pack, following a telephone call with him the day before. A retirement date of 13 February 2008 was used.

This pack consisted of a covering letter, with enclosures, which amongst others, included a key features document and a form for Mr R to sign to confirm his retirement choices. The covering letter invited Mr R to call Prudential if he would like more information or help. It also recommended that he may want to seek financial advice about his choice. It gave him a helpline to contact if he wanted to find a financial adviser in his area. The covering letter specifically pointed out that he could use the OMO to choose another pension provider.

Mr R signed the choices form, dating it 6 February 2008, selecting an annuity through Prudential along with tax free cash. Prudential received this form back from Mr R on 7 February 2008.

Mr R says he was told by Prudential to just complete the forms and return them. He says at the time, he was vulnerable because he was in financial difficulty, without a job and in substantial debt. And he was suffering from anxiety and depression. He says he told Prudential this. Mr R says he believed that he had received 'advice' about his annuity from Prudential.

Mr R complains that Prudential didn't advise him properly about his annuity. In particular, he wasn't told about his right to shop around (otherwise known as the OMO) He also said Prudential didn't ask him about any medical conditions he had at the time. Mr R says that he has lost out because of Prudential's actions, because if he had been given clearer advice or information he would've shopped around and likely got a higher annuity. He said he intended to pay his debts using the pension fund and didn't feel Prudential had considered the full extent of his circumstances before setting up the annuity.

Mr R complained to Prudential in October 2019. Prudential said it no longer had a copy of the call recording from 2008. It said that it didn't provide Mr R with any advice, it simply acted upon his instructions to set up the annuity. It said it gave Mr R all the necessary information to make an informed decision, in its retirement pack, which included the key features booklet. The key features document contained information about enhanced annuities and the OMO. It said it had met the regulatory requirements for providing information.

Mr R complained to our service. Our investigator looked in to it and did not uphold Mr R's complaint. She concluded, in summary, that Prudential had not provided Mr R with any

advice about his annuity at the time of sale. In her opinion, Prudential had provided him with information about his options, including details about the OMO and enhanced annuities, to enable him to make an informed choice. And that this information was in line with regulatory obligations.

Mr R didn't accept our investigator's view and asked for his case to be referred to an ombudsman. Mr R's complaint comes to me for a decision.

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.

Having done so, I agree with our investigator, I am not going to uphold Mr R's complaint.

Information that is clear, fair and not misleading

Prudential no longer has a copy of the call recording between it and Mr R from 2008. But, that's not surprising as banks often only keep records for six years. So, I can't know what was discussed between Mr R and Prudential at the time. I've taken into account what Mr R says was discussed during this call. I have also looked at the paperwork from the time the annuity was purchased.

Mr R was sent a retirement pack before he opted to purchase an annuity through Prudential. The covering letter referred him to the enclosed booklet (the key features document), which gave more information about the different options available to him at the time. The key features document explained that if he wanted one of these, he could contact another insurance company or speak to a financial adviser.

I can see that information about the OMO and enhanced annuities was clearly set out in the key features document. I can also see that Prudential recommended that Mr R may want to obtain advice about his choices.

I think it was made clear in the retirement pack that other options existed. So, it seems to me that Mr R was given clear, fair and not misleading information, in writing, about his choices, to allow him to make an informed choice about how to proceed. It seems to me the information that was included, and given to Mr R at the time, appeared to be in line with regulatory obligations.

Advice

The choices form Mr R signed to select the Prudential annuity, listed four other possible choices, these included transferring to another plan and taking his annuity through the OMO. It seems Mr R signed the choices form immediately after receiving the retirement pack from Prudential. The signed form was received back by Prudential a few days after the retirement pack was sent out.

The covering letter said Mr R could call for help or more information and recommended he obtained financial advice. I can't see that Mr R obtained advice.

I've seen a copy of a letter sent to Mr R by Prudential, on 14 February 2008. It was noted in that letter that it appeared that Mr R had not obtained financial advice. So, I think this document, from the time, shows that from Prudential's perspective it did not consider that it had provided Mr R with any financial advice about his choices, nor did it believe that Mr R had chosen to obtain financial advice.

Taking everything into account, I think it unlikely that Prudential did provide Mr R with any advice in relation to the purchase of his annuity. I appreciate that Mr R may see it differently.

As I have concluded that Prudential didn't give Mr R any advice about the sale, it wasn't responsible for the choices Mr R made or for considering his full circumstances to assess whether purchasing the Prudential annuity was the most suitable option for him, in his particular circumstances. That's because Prudential was the administrator of his pension and wasn't acting as his adviser.

Taking all of this into account, I don't find that Prudential did anything wrong here and therefore I can't fairly uphold Mr R's complaint.

My final decision

For the reasons explained, I do not uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 February 2021.

Kim Parsons
Ombudsman