

The complaint

Mr M has complained about the Prudential Assurance Company Limited.

His complaint has two elements, he says that a Group Personal Pension (GPP) was unsuitable for him and was mis-sold, and that there has been maladministration of the policy itself.

What happened

The background to this complaint will be familiar to both parties. I won't repeat it extensively here. Essentially, Mr M joined a GPP in 1997 on advice from Prudential. He left the employment shortly after and made only two pension contributions. After 1999 Prudential lost contact with Mr M until it traced him via the DWP in 2019 as his retirement date approached. Mr M was paid the policy value.

The sale of the GPP.

Mr M took advice in 1997. He was 43 and had been in employment with this employer for over two years. He had no other pension arrangement at the time. There was no company pension scheme, but his employer offered a GPP although it didn't contribute to it. A fact-find completed at the time recorded that Mr M had no plans to change employment over the next five years. His attitude to risk was recorded as two, on a scale up to five.

Prudential recommended that he join the GPP.

In fact, Mr M left this employment in 1998. He made two pension contributions and it seems that Prudential lost contact with him from 1999 until 2019.

Mr M complained about the sale in 2019, but Prudential rejected the complaint and said the GPP hadn't been unsuitable for him.

Mr M referred his complaint to this service where it was considered by an investigator. She didn't think the GPP was unsuitable. In summary, she noted that the employer didn't offer a company pension scheme. It was recorded that Mr M had been in employment for two years and his circumstances were unlikely to change within the next five years. The GPP included some life cover.

The investigator added that the GPP was invested in a with-profits fund which seemed to match Mr M's attitude to risk. There was conflicting information provided about whether the employer did contribute to the GPP, but she didn't think this error was enough to say the policy was mis-sold. Although Prudential couldn't now provide copies of the policy documents, the fact-find was signed by Mr M saying that he had received information on the features, benefits and costs of the product among other things.

administration

Mr M has also complained that Prudential didn't keep him informed about his GPP and that this maladministration has caused him loss.

Mr M left his employment in 1998. Prudential wrote to him in May 1999, but he had moved address. There is then a record of contact on 5 August 1999. There was a telephone call which noted that two premiums had been paid to the GPP, Mr M had left the employment, and he was to make enquiries with the employer. His address was updated. Prudential followed up on this call with a letter dated 19 August 1999 to the new (correct) address.

In November 2002 Prudential sent an annual statement to an incorrect address, and this was returned by the post office.

After that, it seems that there was no further correspondence sent to Mr M until 2019 when Prudential traced him through the DWP. It took that step as the retirement date for the GPP was approaching.

The investigator noted that Prudential had sent the 2002 statement to the wrong address, which was returned, and so she wouldn't have expected to see any further statements or further communication about non-payment of the premium. However, she wasn't satisfied that this made any difference to Mr M's position. Although Prudential can't show it provided Mr M with all the information about the policy it was meant to, she wasn't satisfied that the lack of communications caused him to lose out. She said that Mr M could've planned for his future at any time, whether that was through this policy or any other. The GPP still held a value and he's received the benefit from the policy.

Mr M said that although he's regarded his business as a pension, he has lost out as he could've kept the payments up, paid in lump sums, or increased payments, and even cashed the pension in earlier. He also said that he could've been contacted through DWP much earlier.

Mr M didn't agree with the investigator's conclusions on either aspect of the complaint and has asked for a decision from an ombudsman.

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.

There has been extensive correspondence on this complaint. In this decision I've tried to focus on the issues which I consider to be central and critical to the outcome. I've not addressed specifically each and every point that's been made by the parties, but I've read and considered everything.

Having done that, I've reached the same conclusions as the investigator and for essentially the same reasons. I don't uphold this complaint.

In summary, I'm not satisfied that the advice Mr M received in 1997 to start a GPP was unsuitable for him. And whilst Prudential may not have communicated with Mr M as well as it could've done, I'm not satisfied that he's suffered any loss as a result of any lack of communication, or that the complaint should be upheld.

I'm not satisfied the GPP was unsuitable for Mr M when it was recommended. He was eligible to join it and there would've been advantages to doing so. A GPP is usually a collection of personal pension policies linked to one employer which is administered by one

pension provider, in this case Prudential. Because it is a collection of policies, a GPP will often have lower charges for the policy holder than a personal pension plan (PPP).

The GPP also seems to have had the added benefit of some life cover, although I note Mr M disputes that this was a feature. Mr M didn't have any other pension arrangement at the time and the GPP would've been a suitable and tax efficient method of saving for the long term. The GPP would likely have had lower charges than a PPP and so would have been a better option even if there was no employer contribution.

The GPP invested into a with-profits fund which seems consistent with Mr M's recorded attitude to risk at the time, two out of five.

Mr M didn't stay in this employment for long after he began contributing to the policy. The fact-find recorded that he had no plans to move within five years, but he left within a year and so his contributions, which were made via his salary, stopped.

A feature of a GPP is that it can usually be changed to a PPP in circumstances like this where the policy-holder leaves or changes employment. Mr M says that he understood the policy was frozen and he didn't know he could continue to pay into it as a PPP. It's not apparent that Prudential set out what options Mr M had in 1999 when it became aware that he had left the employment.

However, although this lack of information may have left Mr M uninformed about exactly what options were available to him in respect of the GPP, I don't think that means Prudential should be responsible for any subsequent failure by Mr M to make any personal pension provision at all (if that is the case). Mr M certainly knew, or ought to have known, that no further contributions were being made by him into the GPP.

And, as the investigator has said, Mr M has been free to consider and plan for his future at any time since. The existence of this GPP didn't prevent him from setting up any other PPP or any other pension arrangement. He was free to set up and pay into another pension plan at any time if he wished to. And I think he could have done more to resolve issues around this GPP, and potentially convert it to a PPP at that time, if he had wished to.

In my view, many of the same considerations apply to the issues relating to the administration of the GPP which Mr M has complained about. The 2002 statement appears to have been sent to the wrong address and so it was returned. This in turn led to Prudential not sending any further correspondence to Mr M until he was traced in 2019.

Mr M seems to have treated the GPP as if it was frozen, as he says that is what he understood. He didn't contact Prudential for twenty years after the call and subsequent letter in 1999. But as I've already said, and as the investigator also said, I don't think the lack of correspondence makes any difference, or should make any difference, to his overall pension position. He's always been free to consider his future pension needs and make plans accordingly. The fact the GPP wasn't frozen and could have been available to receive contributions over the years hasn't prevented him from establishing other pension arrangements and making alternate retirement provisions.

I don't think it would be fair and reasonable to uphold this complaint. I'm not satisfied the GPP was unsuitable for Mr M when it was sold to him. In addition, I'm not satisfied that any failure in administration of the GPP by Prudential has been a direct cause of any loss to Mr M. Therefore, it wouldn't be fair to make any award.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 April 2021.

Keith Taylor
Ombudsman