

The complaint

Mr H complains that The Prudential Assurance Company Limited didn't inform him about enhanced annuities and the other options available to him when he purchased his annuity.

What happened

Mr H had pension plans with Prudential. In 2010, Mr H used his plans to purchase two annuities from Prudential, as well as taking a small amount of tax-free cash.

The annuities were set up on a single life basis and were guaranteed for a period of 10 years.

In 2019 Prudential wrote to Mr H several times. They said the Financial Conduct Authority (FCA) had carried out an industry wide review of non-advised annuity sales and found that some people could have been eligible for an enhanced annuity. The FCA had asked Prudential (along with other pension providers) to review some non-advised annuities set up from 1 July 2008. So, they asked Mr H to complete an information form about his annuities and post it back to them.

In early 2020 Mr H returned Prudential's form with the information they asked for. The form recorded that at the time of taking his annuity, Mr H didn't smoke or have any of the medical conditions listed on the form. Mr H also recorded that he selected his annuity option based on information provided to him in a retirement pack. But he said he was unaware that he could have received an enhanced annuity if he had certain medical or lifestyle conditions. Nor was he aware that he was able to shop around with different annuity providers.

Prudential contacted Mr H in April 2020 to say they had completed their assessment of his annuity purchases. They said they were satisfied that the information they provided to Mr H at the time had met the FCA's requirement. And Mr H had since confirmed that he'd made his decision based on Prudential's information. They said they had therefore closed their review and there would be no change to Mr H's annuity.

Mr H responded to Prudential's letter. He said he hadn't confirmed that he had relied on Prudential's information as they'd said. He also wasn't aware that he had the option to choose from another provider and so he didn't have the information he needed to make the decision about his annuity. He said if he'd know he had other options, he would have chosen differently.

Prudential treated Mr H's letter as a complaint and sent a response letter to him. Prudential didn't uphold Mr H's complaint as they said he'd signed the additional information form which recorded that he'd made his decision based on their retirement information pack. Prudential had reviewed the information within the pack and decided that there was sufficient information about enhanced annuities and the 'Open Market Option' (OMO) for Mr H to have made his decision. Prudential went on to say that it had also taken Mr H's answers to the health and lifestyle questions into consideration when reaching their decision.

Mr H remained unhappy with Prudential's response and so brought his complaint to our service. Our investigator said they were satisfied that Prudential's literature met their obligations to provide Mr H with the necessary information to make an informed decision about his annuity.

Mr H didn't accept our investigator's opinion as he said Prudential had originally told him he could make a claim because they hadn't given him the right information at the time. However, they've since said that wasn't the case. Mr H says he doesn't agree that Prudential followed the correct protocols at the time as he didn't know he could buy an annuity elsewhere. As Mr H disagreed, the case had been passed 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.

The issue to determine here is whether I think its likely, on balance, that Prudential sent Mr H sufficient information about enhanced annuities and the OMO before he purchased his annuity in 2010.

I appreciate that Mr H says Prudential told him he could make a claim as they'd given him the wrong information when he purchased his annuity. However, I've read the letters that Prudential sent Mr H in 2019 and I don't think that was the case. I'll explain why.

The letters Prudential sent said the FCA had asked them to review certain non-advised annuities to see if customers were provided with sufficient information about enhanced annuities before they made their decision. At no point in the letter did Prudential say that Mr H had been mis-sold or mis-advised by them, or that he had a basis for a claim. The aim of the letter was to invite Mr H to have a review of his annuities and asked that he complete an information form about how he made his decision at the time.

Following their review Prudential said the information they'd provided Mr H in their 'retirement pack' was sufficiently clear about enhanced annuities and the option of purchasing an annuity elsewhere through the OMO. Prudential have sent us the retirement pack that they say they sent Mr H in 2010. The 'Prepare your retirement options' and 'Key facts' documents appear to be dated from around the correct time – 2009.

Having reviewed the documents, I'm satisfied the information they provided on enhanced annuities and the OMO were sufficiently clear. The OMO is referred to on page 16 of the document and explained in more detail on page 27. Amongst other things, it says:

However, when it comes to taking your income you're free to shop around to find the best option to suit you. Not all providers offer you the same pension annuities, options or terms - so it's best to check what we are offering you and use this as a basis to find the deal that's best for you.

Regarding enhanced annuities the documents also clearly pointed out Mr H could have received a higher income if he'd had a medical condition that qualified for one. And the documents list the types of illnesses that would have made Mr H eligible for an enhanced annuity.

Mr H says in his complaint to us that he didn't receive the documents Prudential say he did. When evidence is missing or conflicting as it is in this case, I base my decision on what I think, on balance, is most likely to have happened.

In the additional information form Mr H returned in 2020 he ticked to say '*I selected the annuity options based on information provided in the retirement pack only*'. Prudential have provided us with the correct documents from the relevant time period and say they sent them to Mr H. So, while I appreciate Mr H now says he doesn't recall receiving or reading the documents, I can see he was sent his annuity quotes in 2010. And I think, on balance, Prudential would have included the relevant information with his quotes.

Prudential went on to say they still considered Mr H's answers to their health and lifestyle question when they reached their decision. And Mr H recorded that he didn't suffer from any of the prescribed medical or lifestyle conditions in 2010 that would have made him eligible for an enhanced annuity. So, I think it was fair for Prudential to conclude it met the FCA's requirements and didn't need to do make any changes to Mr H's annuity.

For the reasons I've given, I think Prudential provided Mr H with sufficiently clear information about enhanced annuities and the open market option. And I'm also satisfied they've taken account of the information Mr H's since provided when reaching their decision. So, I won't ask them to do anything more.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 June 2021.

Timothy Wilkes
Ombudsman