DRN-2758550

The complaint

Mrs C says Prudential didn't follow the correct procedure in 2009 when she bought her annuity and she wasn't put in an informed position prior to buying her annuity. Some service issues have also arisen.

What happened

Mrs C had a personal pension with Prudential. She also had a FSAVC (Free Standing Additional Voluntary Contributions) policy. In 2008 she was considering buying an annuity with the (combined) benefits from both plans. She telephoned Prudential on 8 November 2008 to request some quotations. She asked for new quotes on 3 February 2009.

Mrs C accepted one of the quotations issued on 3 February 2009. She completed Prudential's application and income payment form on 8 February 2009. Her annuity was set up with a start date of 1 March 2009. The fund value was £60,299.66 (including protected rights of £15,461.63). Mrs C took tax free cash of £15,074.90 leaving £45,224.76 for the annuity purchase. It provided income of £2,416.92 a year, level, guaranteed for 10 years (five years for the income payable from the protected rights element).

Prudential wrote to Mrs C in September 2018 saying it would be undertaking a review of some of its annuity sales. The regulator, the Financial Conduct Authority (FCA), had asked it to look again at some of the information provided to customers when it sold annuities.

In the provisional decision I issued on 15 March 2021 I set out in detail how the review had progressed and the issue that had arisen. I've recapped what I said:

'***How the review progressed and issues arising***

Mrs C hadn't heard further by late February 2019 and telephoned for an update. She called again on 12 and 14 March 2019. Prudential treated what she said (including the time taken to carry out the review, promised call backs not having been received and contradictory information given as to when the review would start) as a complaint.

On 1 April 2019 Prudential wrote to Mrs C asking for some further information in connection with the review. Prudential wanted to know if she'd been aware when she'd bought her annuity that certain medical or lifestyle conditions (including smoking) might mean she'd be eligible for an enhanced annuity. And if she knew she could potentially have got a higher income by shopping around for an enhanced annuity with another provider. Prudential referred to the retirement pack it had sent. It said Mrs C may also have been given information on annuity options during a telephone call with an agent from Prudential.

Mrs C was asked how she'd chosen her annuity. Specifically whether her decision was based on information provided in the retirement pack or on information in that pack and/or information given in a telephone call. If her decision was based just on the retirement pack, she was asked to complete part 1 of the enclosed additional information form. If she'd decided based on the pack and/or information given in a telephone call, she should complete parts 1 and 2.

Mrs C completed part 1 to say she'd chosen her annuity based on the information in the retirement pack only. She added she'd phoned Prudential to request an annuity quote and, 'No advice was given by the agent they simply took my request and sent out forms.' She was directed to part 4 of the form. She was only required to complete part 2 (about enhanced annuities) if her decision had been based on the retirement pack and/or information provided during a telephone call.

But she completed part 2 anyway. She said she wasn't aware she could've received a higher income from an enhanced annuity if she had certain medical or lifestyle conditions. And because of that she hadn't shopped around. At part 3 of the form she was reminded that she only needed to complete that section if her decision had been based on the retirement pack and/or information provided during a telephone call. But again she ticked the box to say she had medical or lifestyle conditions when the annuity was set up – she'd been a smoker all her adult life.

In the notes section she said she'd checked all the paperwork and an enhanced annuity wasn't mentioned or pointed out to her when she requested quotations. She now understood that such annuities had been available since 1995. As she was a smoker certain health questions should've been asked, and she should've been told she might qualify for an enhanced annuity. As Prudential didn't offer them at the time it should have told her to shop around and get alternative quotes from other providers who did offer such annuities.

On 26 April 2019 Prudential wrote to Mrs C with the outcome of its review. Prudential said she'd been made aware of the options available to her before purchasing her annuity. Mrs C called Prudential on 7 May 2019 to express her concern about the review outcome. I think she also referred to the time taken to get through on the telephone. Prudential treated that telephone call as a further complaint.

On 9 May 2019 Prudential sent its final response to Mrs C's (first) complaint. It said it hadn't explained the annuity review process clearly. And there'd been difficulty in getting through on the telephone. Prudential said it had paid Mrs C £75 by way of apology for the distress and inconvenience she'd been caused. Mrs C called on 14 May 2019 to say she hadn't received that payment.

Prudential wrote to Mrs C on 21 June 2019 about the further issues she'd raised, including the outcome of the review. Prudential referred to its earlier letter about the review and to the additional information form Mrs C signed on 23 April 2019 and what she'd said about no advice having been given.

Prudential said, during the call on 7 November 2008, the call handler informed Mrs C of her right to shop around – the OMO. She'd said she understood that and she was a financial consultant. And she was told Prudential could potentially offer an enhancement to her annuity if she suffered from an illness that could shorten life expectancy, to which she'd replied, 'I know, I know'. So she was aware of the option to shop around and the market for enhanced annuities.

In the call on 3 February 2009 the (same) call handler said Mrs C would receive with her quotations an annuities guide plus a key features document (KFD). He said it was important to take the time to read the documents as not all the options and features could be discussed over the phone. Mrs C said she understood Prudential's products as she used to work for them.

Retirement packs, including KFDs, had been sent with the quotations (both those issued in February 2009 and earlier). The KFD confirmed (see page 4) that an annuity could be *bought with any company, known as using the OMO. It also explained the income would depend on a combination of things including (see page 6) health considerations and lifestyle health related factors such as smoking. Mrs C signed and returned the application and income payment form on 8 February 2009. In doing so she'd confirmed she'd seen the KFD.*

As to Mrs C's other concerns, some service issues were accepted. Promised call backs hadn't always happened. Mrs C had asked to discuss the review outcome with someone closer to the decision but that hadn't been arranged. There were times when she'd been unable to get through on the telephone and, after queuing, the calls were abandoned or diverted to voicemail. Some calls could have been handled better. And the letter of 9 May 2019 should have said that the payment (£75) would be made and would reach Mrs C's account in due course. Prudential said it would be making a further payment of £200.

Mrs C remained dissatisfied. She wrote to Prudential on 22 June 2019. She said Prudential had ignored the key point – that she hadn't been put in an informed position prior to purchasing her annuity. She hadn't been sent a KFD with quotes issued on 7 November 2008 or 3 February 2009. She described herself as somewhat of a hoarder. She has all the documentation with the envelopes dated and filed. She did receive a KFD with Prudential's letter of 10 March 2009 confirming the annuity had been set up and what the payment arrangements were. But that's like 'shutting the stable door after the horse has bolted'.

She accepted that, during the first call, the call handler mentioned the OMO. But that was a general reference and not linked to health or lifestyle. She confirmed she knew she could shop around to get a better rate, but she didn't want to do that as she'd decided to take her annuity with Prudential. She was then asked about her health and she confirmed it was good. The call handler went on to say the reason he was asking was that she might qualify for an enhanced annuity if she had a health condition. But that was the extent of the conversation. There was no mention of any health related lifestyle annuities. Nor did he explain that Prudential didn't offer enhanced annuities but other providers did.

The call on 3 February 2009 (which Prudential had wrongly said was on 3 January 2009) was all important and the basis of Mrs C's complaint. The call handler didn't cover any of the regulatory points – the OMO and enhanced annuities due to health/lifestyle choices. Prudential had said Mrs C was told she'd receive an annuities guide and KFD. And that it was important to take the time to read the documentation as all the options and features couldn't be covered over the telephone. Mrs C suggested that dialogue hadn't taken place (although, having listened to the call and as discussed further below, the KFD and the need to read it was mentioned). Prudential had drawn attention to page 6 of the KFD. But by the time Mrs C received it she'd already bought her annuity. The mis-sale took place during the call on 3 February 2009.

Mrs C referred to COBS 19.4.13G (which I've mentioned further below). She said where the sale is on a non-advised basis the details set out (which include the client's lifestyle choices) have to be communicated verbally. Sending out a KFD isn't sufficient.

Mrs C also mentioned the FCA's Thematic Review of Annuities. One of the findings was that while the majority of customers were told about enhanced annuities, many weren't informed about shopping around for enhanced annuities or encouraged to do so to get a higher income, particularly during telephone conversations with firms. Mrs C said she'd also forwarded a copy of her complaint direct to the FCA and to a national daily newspaper.

Prudential wrote to Mrs C on 2 September 2019. It said it was unable to support her complaint about the sale of the annuity or the outcome of the review. Prudential repeated some points it had made earlier, including that Mrs C had confirmed that she was aware of *both the option to shop around and of the market place for enhancements. Prudential referred again to the additional information form. What Mrs C had said about the telephone call wasn't directly relevant as she'd confirmed it wasn't the main basis on which she'd made her decision.*

Prudential maintained Mrs C had been in an informed position when she bought her annuity based on the information in the documentation provided; her verbal confirmation of her experience and knowledge, specifically about the OMO and enhanced annuities, and her general experience in financial services, including working for Prudential.

Prudential couldn't agree that KFDs hadn't been sent with the quote packs. It said there was no reason why they wouldn't have been included – they are a key part of the standard retirement pack. Its systems and process have been independently tested and accepted to include the necessary enclosures. And in signing the application form on 8 February 2009 Mrs C acknowledged she'd seen the KFD. Further, Prudential did offer enhanced annuities at the time.

Prudential apologised for quoting in error a call date of 3 January 2009 instead of 3 February 2009. Mrs C had said the mis-sale happened during that second call. But COBS 19.4.13G had never required that a telephone call must be made prior to the issue of an annuity quotation. Customers must be provided with information about retirement options, but it's never been a requirement for that information to be given verbally. The documentation issued to Mrs C prior to her selecting her annuity met all of the COBS requirements. Mrs C remained unhappy and referred her complaint to us.'

I then went on to summarise how our investigation had proceeded. And why the investigator hadn't upheld the complaint.

Mrs C also provided some new evidence – a letter Prudential had sent her in November 2009. Prudential said it had identified there'd been a printing error and a very small number of customers had been sent a KFD with some pages missing. A copy of the correct, complete, KFD was enclosed with the letter.

I explained that we'd asked Prudential about that. It said it couldn't be sure if Mrs C had received a full copy of the KFD or one missing the first six pages. But even if she wasn't given the right KFD, it was provided later. Mrs C didn't query anything or say that she'd now seen she could've got an enhanced annuity or taken the OMO. Prudential referred again to the call on 7 November 2008. The call handler had started to tell Mrs C about the OMO but she'd interrupted, saying she was a financial consultant and she knew all about that. He also explained an enhanced annuity could be offered if Mrs C was in poor health. Prudential believed Mrs C was fully aware of her options at the time.

The investigator reviewed the new information, but it didn't change her views. She said Prudential's call handler had tried to explain health and lifestyle factors during the first call but Mrs C told him she knew about that. As Mrs C was aware before she'd purchased her annuity (on a non-advised basis) Prudential hadn't done anything wrong.

Mrs C didn't accept that. She maintained Prudential hadn't put her in a position to make an informed decision when she'd purchased her annuity. The investigator wasn't persuaded to change her view. As agreement couldn't be reached the complaint was referred to me. After I'd considered everything I issued a provisional decision.

My provisional decision

I explained that my provisional conclusions were different to those of the investigator. I thought the complaint should be upheld. In a nutshell, I was satisfied Prudential had told Mrs C about the OMO. And that, if her health wasn't good and her life expectancy might be shortened, she might be able to get an enhancement to her annuity. Mrs C had confirmed she knew about those factors anyway. But, from what I'd seen, I couldn't be sure Prudential informed Mrs C that her lifestyle choices might be relevant too. And, in particular that, as a smoker, she might be able to get a better annuity rate. I went on to say:

'*I've listened carefully to Mrs C's calls with Prudential on 7 November 2008 and 3 February 2009. At the start of the first call the call handler says there are some things he needs to cover. He goes on to say, even though Prudential would 'love to keep' Mrs C as a customer, she does have the right to take the OMO. Mrs C interrupts to say she's aware of that option. The call handler acknowledges that Mrs C knows she can 'shop around' and he doesn't deal further with the OMO. I think that's fair enough, given Mrs C confirmed she knows about it and that it means she can go to another provider.*
The call handler then (after confirming Mrs C's marital status) asks if she's in good health. Mrs C confirms she is. The call handler replies, 'That's good to hear', before going on to say that Prudential can potentially offer an enhancement to the annuity if Mrs C suffers from an illness which might shorten life expectancy. Mrs C repeats she's aware of that. The call handler then goes on to talk about other issues, including the possible effect on the fund value for retiring before the selected retirement date (Mrs C was coming up to her 51st birthday at the time). He said he'd send Mrs C the most popular annuity options available. And that if she wanted to make changes to give him a call – he'd given Mrs C his name and contact details earlier in the call. There was also discussion of fund values and a market value adjustment.

The second call, on 3 February 2009, was made by the same call handler in response to a voicemail Mrs C left for him requesting new quotations. The call handler said that because the quotations were personalised there were a couple of points that he needed to run through. He checks, amongst other things, the start date for the annuity; that Mrs C wanted to take 25% tax free cash; that the annuity was to be paid monthly in advance; and the guarantee period required. There was also a discussion of the 50% protected rights spouse's pension and whether Mrs C wanted a with profits annuity (which she didn't).

The call handler says Mrs C will receive an annuities guide and a KFD. He asks her to take the time to read it as not all the features of the product can be talked through over the phone.

Mrs C has stressed the two calls were entirely separate and, as she was requesting new quotations, Prudential should have, in effect, started from scratch in the second call and gone through her options again, including the OMO and enhanced annuities on health grounds. I take Mrs C's point that her circumstances might have changed in the interim. But, once she'd been made aware that, for example, her health might be relevant in terms of the annuity income she could get, I think it would be for her, if things had changed, to draw that to Prudential's attention and see if it made any difference to her annuity choices. Here Mrs C was dealing with the same person and, although a couple of months had elapsed, I don't think Prudential was wrong to treat Mrs C's request for up to date quotations as a follow up and a continuation of a process that had already begun, rather than a completely new enquiry which meant going over ground that had already been covered.

But, even if I'm wrong about that, Prudential didn't mention, during either call, lifestyle choices. I think Prudential needed to inform Mrs C - in addition to ensuring she was aware of the OMO generally and that enhanced annuities based on illness or medical conditions were available – that lifestyle choices were important too and could mean she might qualify for a *better rate.*

As Prudential has pointed out, Mrs C was aware of the OMO and the market for enhanced annuities based on health conditions. I can see why it might be assumed she'd have also known, as a smoker (and when the adverse health effects of smoking were generally well publicised) that she might also qualify for an enhancement. But I don't think it must follow (and notwithstanding that she was a financial consultant) that she knew or ought to have known that lifestyle choices, and not just medical conditions, might also be important. And the point is anyway that Prudential should have told her about lifestyle choices.

Prudential says the literature Mrs C received – specifically the KFD – did deal with lifestyle choices. Mrs C says that information should have been given to her verbally and it isn't enough to provide it in writing.

I've looked at the relevant regulations. Mrs C has pointed to COBS 19.4.13G which specifically mentions the client's lifestyle choices. But COBS 19.4 has been amended over the years and that provision wasn't in force at the time. I've considered COBS 19.4, which deals with Open Market Options, as it was at the time Mrs C bought her annuity.

COBS 19.4.1R (1) referred to 'intended retirement date' and COBS 19.4.1R (2) to 'the open market option' as meaning the option to use a personal pension and FSAVC (and other types of pension arrangements) to purchase an annuity on the open market. And COBS 19.4.1R (3) referred to the 'open market option statement' as meaning:

'(a) the [then regulator's – the Financial Services Authority's] "Your pension: it's time to choose" fact sheet, together with a written summary of the retail client's open market option, which is sufficient for the client to be able to make an informed decision about whether to exercise, or to decline to exercise, an open market option; or

(b) a written statement that gives materially the same information.'

COBS 19.4.2R sets out when to send the open market option statement. And COBS 19.4.3R deals with any reminder about the open market option statement and telling the client how much money he or she has to purchase an annuity on the open market. I don't see there's any requirement for the information to be given verbally. As I've set out, COBS 19.4.1R (3) requires the information to be in writing – either by way of the regulator's fact sheet or a written statement giving materially the same information.

I take Mrs C's point about research by the regulator having shown that most consumers don't read and/or understand that sort of information, even if they've been asked to read it carefully and query anything they don't understand. But it may not be fair to say that a consumer wasn't informed about something that was covered in written information provided which the consumer didn't read or query. And when the relevant regulations made specific provision for the information to be given in writing.

If I was satisfied the information had been given verbally but hadn't been followed up with written confirmation, it might be difficult to say the consumer hadn't been fully informed. That might be an example of a regulatory breach which didn't result in unfair treatment. But that's not the issue here. Mrs C wasn't told over the telephone, during either call, specifically about lifestyle choices. That means the written information she received is important and might show, even if it wasn't mentioned over the telephone, that she should've known that certain lifestyle choices, such as smoking, might mean she could get a higher annuity.

I've seen a 2007 fact sheet – 'Your pension – it's time to choose'. I'm not sure if it was the version in use in 2008/2009 but any later issued fact sheet would have had to say at least as *much about enhanced annuities. I will forward a copy to Mrs C and Prudential. I don't think Prudential issued the fact sheet to its customers. So what Prudential did provide (the KFD) needed to give 'materially the same information'.*

Page 3 of the fact sheet mentions enhanced and impaired life options and says a higher income may be paid, depending on state of health or lifestyle. On page 4 it says that one of the factors affecting the income from a lifetime annuity is health or lifestyle and that some companies will pay higher annuities to people who are, amongst other things, smokers. There is then a highlighted box saying: 'You may be able to get a higher annuity if your health is poor, if you are a smoker, are overweight or have followed certain occupations – so shop around!' There's also a flow chart which mentions that an enhanced annuity might be available to smokers. And the next steps include a reminder about enhanced annuities.

Prudential's KFD mentions the OMO - described as the freedom to select any pension annuity provider that best meets the consumer's personal circumstances. And it says the amount of income will depend on a combination of things, including lifestyle health related factors. Smoking is specifically given as an example.

I think the KFD does contain materially the same information about enhanced annuities and certain lifestyle choices (although there's greater emphasis in the fact sheet on the possibility of getting more income – for example, by using highlighted sections to reinforce the message). But I think the KFD was enough to make Mrs C aware that, as smoker, she might qualify for an enhanced annuity. If I was satisfied she'd received the KFD, then I'd probably say she'd been made aware of her options.

Mrs C has said that Prudential didn't offer enhanced annuities at the time. Prudential has said it did, although I think that might just have been for certain medical conditions and not for lifestyle choices. But if Mrs C got the KFD she could have explored the possibility of an enhancement based on lifestyle choices with Prudential. And if it had said it didn't offer enhanced annuities on that basis she'd have known – because she was aware of the OMO – that she could shop around and see if she could get an enhanced annuity from another provider at a better rate and paying a higher income.

But there's an issue in this case as to whether Mrs C did get the KFD before she decided to buy her annuity. I agree that getting a copy of the KFD with confirmation that her annuity had been set up – which Mrs C accepts she did – would be too late. What's important is whether she was aware of her options before she took out her annuity and so was able to make an informed choice.

I accept, as Prudential says, that retirement packs should've been issued with both sets of quotations, with KFDs included.

Mrs C says she didn't get a KFD, either time. I note what's she said about being somewhat of a hoarder and that she's retained all the documentation along with the envelopes. On the one hand I don't see any particular reason to doubt what she's said. Especially as she's demonstrated fairly meticulous record keeping – for example she's retained the November 2009 letter enclosing a further (complete) copy of the KFD.

But, on the other hand, I bear in mind that we're looking at what happened over ten years ago. The passage of time makes it more difficult to say with confidence what happened. And I do find it somewhat unlikely, that Prudential would fail, on two separate occasions, to include an important document which was a key part of its standard mailing package. I assume the process was automated and regularly checked. I think that sort of failure, happening twice, would be unusual.

I also note what Prudential has said about Mrs C having confirmed, on the annuity application form, that's she'd seen the KFD. If, and as she says, she didn't get a copy, I'm not sure why she signed to say she had seen it.

But, in this particular case, there were other problems with the KFD, even assuming copies were sent with the quotations. It seems Mrs C may have received a defective KFD - one with the first six pages missing, and which, crucially, would mean that there was no mention of enhanced annuities due to lifestyle conditions.

Prudential has said the printing issue affected only a very small number of KFDs. And given that Prudential's position is that two copies of the document were sent to Mrs C (prior to her purchasing her annuity) it's perhaps even more unlikely that both were defective.

Prudential might also say, if Mrs C had read the KFD, she'd have seen it was incomplete and she should have pointed that out and asked for another, complete, copy. But from what Prudential has said, it seems the mis printed KFD started on page 7. That page appears to start with a new section. I don't think it's immediately obvious that preceding sections are missing. The booklet is some 18 pages long. Even without the first six pages it would still be a fair size anyway. I don't think the discrepancy in the page numbers would be that apparent. If Mrs C had read the (incomplete) booklet she still wouldn't have known about enhanced annuities based on certain lifestyle conditions which feature on page 6 of the KFD.

There's no dispute that Mrs C did get a correct and complete version of the KFD in September 2009, Prudential having by then identified that a printing error had arisen earlier. Prudential says Mrs C didn't query anything when the correct version of the document was sent to her in September 2009. But by then her annuity had been in payment for some months so I don't see she'd have had any particular reason to check and then query the matter. I assume she'd have just filed the document. I don't think that's unreasonable.

On balance I don't think it would be fair for me to assume that Mrs C did get at least one version of the correct copy of the KFD prior to buying her annuity. I don't think it would be fair to discount the possibility that, even if the document was mailed to her twice, that neither was the correct and complete version.

If enhanced annuities due to certain lifestyle choices weren't covered over the telephone and I can't be certain that they were mentioned in written information Mrs C received, then I don't think it would be fair to say she was informed about them and so she made a properly informed choice when she bought her annuity.

Prudential might say that Mrs C would or ought to have been aware because of her job about the impact of lifestyle choices on annuity rates and that some providers would offer improved annuity rates. It seems that Mrs C was aware of the OMO and that if she had any health issues that might mean she could get an enhanced annuity. But I'm not sure it follows that she must also have been aware about lifestyle choices. And I think she was entitled to expect the same standard of service as any other customer. If Prudential should have informed her about lifestyle choices and if it's uncertain that Prudential did, then I don't think it would be fair for Prudential to be able to avoid the consequences of its failing by saying Mrs C knew or should have known anyway that her lifestyle choice might be relevant.

I also note how Prudential approached the review of the sale of Mrs C's annuity. Prudential made a very clear distinction between customers who said they'd relied on the written information and those who said they'd relied on that and/or information given over the telephone. But I don't think that approach works where, as here, the written information was or may have been defective or incomplete.

Mrs C has emphasised the significance of Prudential having been required by the regulator to undertake a review of annuity sales. I haven't approached Mrs C's complaint on the basis that Prudential's handling of her annuity purchase, in the light of the regulator's general concerns, must have been deficient. I've considered the complaint on the basis of what happened in her particular case.'

I went on to set out how I thought Prudential should put things right for Mrs C. I'd looked at historical annuity rates (from MoneyFacts Market Intelligence). I said we'd reviewed the rates as at 24 September 2009 which was the closest date to when Mrs C's annuity started (on 1 March 2009) that we could access. I'm sorry but my reference to 24 September 2009 was an error and the date should have read 24 February 2009. I went on to say that, from what I'd seen, with adjustments to reflect Mrs C's age at the time, I thought Mrs C could've secured an annuity of £2,559.58 pa instead of £2,416.92 pa, so some £142.66 pa or £11.89 pm more. Prudential needed to redress her past losses plus interest and adjust her annuity going forwards. I also made an award of £250 for trouble and upset.

In response Mrs C queried what I'd said about basing redress on historical annuity rates as at 24 September 2009. We explained that I'd made a typing error. Mrs C was prepared to accept my provisional decision and the redress I'd set out.

Prudential said it was disappointed with my provisional decision but it didn't want to provide further information or comments. Prudential did however say, as the sale was part of the annuity review required by the regulator, it thought redress should be been based on the FCA's redress calculator.

Prudential had undertaken a calculation on that basis. It showed Mrs C may have received an annuity of £2,619.48 pa on the open market based on her smoker status, rather than the annuity of £2,416.92 she's currently receiving. Prudential's figure of £2,619.48 pa is more than the £2,559.58 I'd suggested in my provisional decision as the higher annuity on which redress should be based.

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.

In the absence of any new evidence or comments, my views remain as set out in my provisional decision and recapped above.

Putting things right

Prudential has, very fairly, offered redress on the basis of what it would have paid if, when it reviewed Mrs C's annuity sale, it had found there'd been an issue with the sales process. Mrs C has confirmed that she's happy to accept the higher figure. I've repeated the redress methodology I set out in my provisional decision but with the higher annuity amount suggested by Prudential.

Prudential accepts that, as a smoker, Mrs C could've got a better annuity rate. Instead of her current annuity of £2,416.92 she could've got an annuity of £2,619.48 pa.

Mrs C will have a past lost and a future loss. Prudential will need pay her the past loss amounts plus interest at 8% simple pa from the date each payment fell due to the date of payment. And, going forwards, Prudential will need to adjust Mrs C's annuity so that the higher monthly amount is payable.

Mrs C has also suffered trouble and upset. Prudential should pay her £250 (in addition to the £275 Prudential has already paid).

My final decision

I uphold the complaint.

The Prudential Assurance Company Limited must redress Mrs C as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 20 May 2021.

Lesley Stead
Ombudsman