

The complaint

Mr R complains that The Prudential Assurance Company Limited failed to provide him with adequate information about enhanced annuities at the time he took out his annuity. Mr R believes he has lost out as a result as he thinks he would have been able to get an enhanced annuity and receive a higher annuity income.

Mr R also complains that Prudential did not increase his annuity after it carried out a review.

Mr R further complains that his pension policy was mis-sold because it hasn't performed in-line with the projections provided when he took it out. He believes that the adviser grossly exaggerated the amount of the projected terminal fund.

What happened

Mr R took out a pension plan in 1985. It seems that Prudential did not sell Mr R this pension, nor was it sold to him by one of its advisers.

Mr R took out an annuity in 2012. He later complained to Prudential in 2019 because he took the view that likely he would have been eligible for an enhanced annuity and Prudential had not provided him with clear enough information at the time of sale about enhanced annuities.

Not accepting the outcome of Prudential's review, Mr R referred his complaint to our service. Our investigator looked into it and did not uphold it. Mr R asked for his complaint to be referred to an ombudsman and it 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.

Mis-sale of the pension scheme

The pension plan Mr R was sold back in 1985, it seems, was not sold to him by Prudential or by a direct agent of Prudential's. It was sold by a third party. I can't fairly hold Prudential responsible for any recommendation or advice Mr R received to take out the pension from an adviser not working for Prudential. Our investigator informed Mr R that he should pursue his complaint, if he wishes to do so, against the business providing pensions advice.

I therefore do not uphold this aspect of Mr R's complaint.

Performance of the pension plan

As our investigator explained, many factors can contribute to the performance of a pension fund. Fund projections are not always guaranteed. Mr R's complaint appears to be about being provided with misleading (exaggerated) information about the projected

performance of the plan. A complaint about being provided with misleading information by an adviser, leading to the sale of the pension policy, should be referred to the company selling Mr R the policy - if Mr R wants to pursue this aspect of his complaint.

I therefore do not uphold this aspect of Mr R's complaint.

Enhanced annuities

Mr R complains about the lack of information provided by Prudential about enhanced annuities at the time he took out his annuity. He also complains that his annuity payment was not increased following Prudential's review.

The Financial Conduct Authority (FCA), the industry regulator, carried out a review which looked at whether firms selling non-advised annuities had acted correctly. The review considered whether customers had fairly been told about enhanced annuities and whether they had been given adequate information about the open market option to shop around for a higher annuity. As a result of this review, Prudential was directed by the FCA to carry out a review of some of its sales.

Prudential reviewed the sale of Mr R's annuity. It found that he hadn't been given adequate information about the possibility of enhanced annuities in relation to his wife's medical condition.

Prudential therefore went on to consider whether Mr R had lost out financially as a result of not being given adequate information.

Prudential said, in line with the FCA's guidance, it had looked into whether Mr R would have qualified for an enhanced annuity. Prudential concluded that the health conditions identified, would not have qualified him for an enhanced annuity. Prudential also concluded that the actual annuity rate Mr R was receiving was higher than he would have received if he had used the Open Market Option to obtain an annuity. This was because he had a guaranteed annuity rate with Prudential.

Prudential said to reach these conclusions it had used a calculation tool approved by the FCA. It said this calculator contained information and data about a number of annuities and rates from different providers, collated over the years.

Prudential said that after adding details of Mr and Mrs R's health conditions into the calculator, no financial loss was identified. Prudential accepted that Mr and Mrs R may have been suffering from ill health at the time of sale, but it said that the specific medical conditions reported wouldn't have qualified Mr R for an enhanced annuity.

Based on the information provided, it appears to me that Prudential fairly approached this review. As our investigator explained, not every medical condition leads to an enhanced annuity. Enhancements are usually only available for specific conditions, more generally those affecting life expectancy.

Based on what I have seen, I think Prudential fairly reassessed whether Mr R was likely to have got a higher annuity on the open market and reasonably concluded that likely he would not.

I can't see therefore that Mr R has lost out financially as a result of not being given adequate information about enhanced annuities or the open market option. It follows therefore that I do not make an award and do not uphold this aspect of his complaint either.

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 July 2022.

Kim Parsons
Ombudsman