

## **The complaint**

Mrs B complains that The Prudential Assurance Company Limited failed to provide her with adequate information or levels of service when she started to access her retirement savings.

## **What happened**

Mrs B was a member of an occupational pension scheme (“OPS”). She held Additional Voluntary Contribution (“AVC”) savings in a pension plan administered by Prudential. She also held other pension savings, in addition to the OPS benefits, in a pension plan administered by another provider.

During the first half of 2020 Mrs B made the decision that she would retire from her employment the following October. So she started to discuss how she could utilise her retirement savings by discussing her options with the administrators of her pension products. I can see that Prudential sent some information to Mrs B about taking her pension savings on 2 July 2020. And I have listened to two phone calls between Mrs B on Prudential that took place on 17 July.

Mrs B says her preference was to take a pension commencement lump sum (“PCLS” – otherwise known as tax-free cash) from her pension savings and leave the remainder in a flexible access drawdown arrangement. She understood, from the information Prudential had sent to her, that this was an option that was open to her.

So Mrs B was disappointed to learn, when she spoke to Prudential by telephone, that she could only take advantage of that approach by transferring her pension savings to an alternative pension product, offered by Prudential or another provider. And if she wished to transfer to a Prudential product, the business told her that she would need to take financial advice beforehand.

Mrs B was unhappy with that approach. She had already put plans in place with her other pension provider to use its flexible access drawdown product. She didn’t think it appropriate to unwind those plans to allow the transfer of the pension benefits from Prudential into that arrangement. And she didn’t think she had any need of financial advice before moving her pension savings to the other product offered by Prudential. She said her husband had enjoyed a long career in financial services, and she had discussed her plans informally with a friend who was a retired financial advisor.

When Prudential looked into Mrs B’s complaint, it accepted that some of the service it had offered had not been to its normal standards. And it agreed that the information it provided when first responding to her complaint had been unclear. So it paid Mrs B a total of £250 to reflect the inconvenience she’d been caused. But Prudential didn’t agree that it needed to allow Mrs B to transfer her pension savings to the alternative product without taking financial advice.

Mrs B wasn't happy with Prudential's responses so she brought her complaint to this Service. Her complaint has been assessed by one of our investigators. Whilst he didn't think Prudential's written communications had been sufficiently clear, he thought that the information Mrs B was given by telephone clearly set out what she would need to do. And he thought the payments Prudential had made to Mrs B for the inconvenience she'd been caused were fair and reasonable. So he didn't think the complaint should be upheld.

Mrs B didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

### **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 deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mrs B and by Prudential. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I think I should first reflect on Prudential's right to decide the terms on which it is willing to conduct its business. I am not aware of any regulatory reason why Mrs B would have needed to take independent financial advice before entering into a flexible access drawdown arrangement. And, as Mrs B is aware from her dealings with the other pension provider, some businesses do not impose that requirement. But I don't think it was unreasonable for Prudential to decide it would only conduct its business here on an advised basis. That means a financial advisor would need to sit between Mrs B and Prudential when she was using that product.

Prudential does have its own financial advisors that consumers can use. But generally those advisors would only accept new business over a certain monetary limit. I understand that Mrs B's pension savings, after she had taken the PCLS, were below that amount, and so it wouldn't have been possible for her to make use of the advisor team from Prudential. Again I think that is a reasonable exercise of Prudential's commercial judgement, and not something that I should interfere with.

The information that Prudential sent to Mrs B in early July provided her with comprehensive details about the options that were available to her. But, as Mrs B reasonably points out, that information didn't make it clear that she would need to take independent financial advice before she could take advantage of some of the options. I can understand why that would be disappointing for her. The information does however ask Mrs B to get in touch by telephone so Prudential could talk about any risks associated with her choices and send her the forms she needs to make her decision.

So I don't think it would be reasonable to conclude that the information Prudential sent to Mrs B at the start of July could be considered to be the end of her decision process. I think that the tone of Prudential's letter suggests that it had simply provided some initial information to give Mrs B a starting point about deciding how to proceed. It is clear that Prudential then expected Mrs B to get in touch by telephone to discuss her choices further, and be given information about how those choices could be implemented.

And that is what I think happened, around two weeks later, when Mrs B spoke to Prudential by telephone. It was at that time that Prudential clearly set out the need for Mrs B to take financial advice before transferring her pension savings to the flexible access drawdown product. So even if the information Prudential initially provided to Mrs B, when it sent her the original information, was deficient I think any shortcomings were corrected relatively soon afterwards.

I agree that it might have been helpful if Prudential had set out in just a little more detail that financial advice might be required before some options could be implemented. The brochure that Prudential enclosed with its initial letter does touch on financial advice, but only in saying that it was recommended – it doesn't say that advice was required. And, had that information been clearer, Mrs B might have made some different decisions at the start of her retirement planning.

But, as I said earlier, my aim, should I decide that something has gone wrong, would be to place Mrs B, as far as is possible, in the position she would have been if the problem hadn't occurred. So here, I don't think Prudential should be required to allow Mrs B to transfer to the flexible access drawdown product without having taken financial advice. Nor do I think that Prudential should be expected to provide that advice to Mrs B. That means that, even if the information had been clearer from the outset, Mrs B would still have needed to take independent financial advice before making use of the flexible access drawdown product.

I don't have any up to date information to show whether Mrs B has now taken her retirement benefits from Prudential. If she hasn't then I understand that it might still be possible for her to transfer them to another provider, as Prudential suggested at the time, and make use of a flexible access drawdown product without taking financial advice. But that is entirely a decision for Mrs B to take, and not something that I or Prudential should influence.

I think that the compensation Prudential has already paid to Mrs B fairly reflects the inconvenience she was caused. There was a short period of time, when Mrs B was initially planning her retirement, when the information she'd received from Prudential didn't fully set out the steps she would need to take. But I think those deficiencies were corrected relatively quickly, and in time for Mrs B to amend her plans if needed.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any award against The Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 4 August 2022.

Paul Reilly  
**Ombudsman**