

The complaint

Mr G says he met his Financial Planning Advisor ('FPA') from The Prudential Assurance Company Limited ('Prudential') in 2015 with regards to his Prudential pension; that he had recently turned 60 and did not wish to draw from the pension at the time; that he and the FPA agreed to defer the taking of benefits from the pension for another five years until he was 65 years old or, if earlier, until when he decided to draw from it; that the FPA confirmed this and confirmed that his pension would remain invested in Prudential's With Profits fund (with an annual return of 3.5% after charges) until such time; but that he then learnt in 2020, when he sought to draw from the pension, that it had been switched to a cash fund since 2015 and, as such, its value had been eroded by charges which outweighed the cash returns. He claims compensation for his financial loss.

What happened

Prudential disputes the complaint. It says the FPA is no longer present and there is no evidence of the discussion and arrangement in 2015 that Mr G refers to. Instead, there is evidence that the terms agreed for his pension made the switch to the cash fund the default position in 2015 (when he turned 60) because that was the point and year that was originally set for him to take his pension and that there is evidence of a letter sent to him in January 2016 reminding him that a decision from him on taking his pension remained outstanding, that the pension had been switched to cash pending his decision and that it would remain in cash until he made that decision (which, the letter said, could include switching to another fund).

Prudential says Mr G's pension has been handled as it was supposed to be handled, so it has done nothing wrong in the matter. It also says, Mr G would have been aware of the cash status of his pension during the relevant years through his receipt of the annual pension statements, but he raised no contact or objection during that period.

One of our investigators looked into the case and agreed with Prudential. He concluded that the complaint should not be upheld, for broadly the same reasons that Prudential had raised in objecting to it. Mr G disagreed with this outcome and insisted that his arrangement with the FPA had indeed happened, that he had relied upon that arrangement at all relevant times, that it was reasonable for him to have done so, that he does not recall receiving the January 2016 letter from Prudential and that it is likely that he would not have understood the annual pension statements. The investigator did not change his view. He also considered that the 2016 letter was correctly addressed and that there is evidence of a copy of it, so he could not reasonably conclude that it was not sent to Mr G.

The matter was referred to 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.

The balance of available evidence does not support Mr G's side of the case. I understand his

argument and I do not suggest that what he has said to us is insincere. However, more is needed – that is, more than his recollection of his discussion with the FPA in 2015 – to tip the balance in his favour. With all due respect to him, it should be said that it is also possible that, because of the passage of time, his recollection is not as accurate or complete as he considers it to be. There is no documentary evidence of the discussion he cites and there was no change to the pension, at the time or soon thereafter, that reflected such discussion – that is, it was not kept in or moved into the With Profits fund as he says he arranged. Furthermore, and in contrast, there is evidence of the following, which opposes his claim:

- Prudential’s letter to him of 13 January 2016. Like the investigator said, it is correctly addressed and I have not seen evidence to suggest or conclude that it was not sent to him. On balance, I consider that it was. It clearly refers to the pension value, to the fact that he had passed the date he originally chose to take his pension benefits, to not hearing from him with regards to taking his pension benefits, to a default change in the retirement date for the plans (for these reasons) to a date in 2030 (when he would turn 75), and to the pension having been switched to cash and remaining in cash (for the same reasons) unless and until he elected to re-switch to a fund of his choice. This conflicts with the arrangement that Mr G claims.
- Evidence of the annual pension statements sent to him between 2016 and 2020 shows that description of the basis for the pension was not complex. In the early part of the statements, under the valuation section, the two underlying plans in the pension are listed and their fund description is simply stated as “Ex Cash”, with valuations which, when added, resulted in the full value of the pension. On balance, I do not consider it plausible that it would not have been understood, by Mr G, from this description that his pension was held in cash. This notice was repeated to him in the annual statements between 2016 and 2020. These repeated notices conflict with the arrangement that he claims. His inaction, as it appears, in response to these notices also conflicts with the arrangement that he claims.

The switch to cash upon Mr G’s pension reaching/passing his originally selected drawing date was the default step that was in line with the terms of the pension. There is no evidence that an alternative arrangement was agreed with and confirmed by Prudential. Instead, available evidence is that this switch-to-cash default step happened, that Mr G was informed about it in 2016, that he received reminders (through the statements) about it thereafter, and that the position remained the same up to when he addressed the matter in 2020. As such, and as Prudential says, the pension appears to have been handled as it was supposed to be handled.

My final decision

For the reasons given above, I do not uphold Mr G’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr G to accept or reject my decision before 14 September 2022.

Roy Kuku
Ombudsman