

## **The complaint**

Mrs M complained that she was wrongly advised by The Prudential Assurance Company Limited to contribute to a personal pension plan rather than to join her employer's pension scheme. She believes that she has lost financial benefits and that Prudential should have reviewed the advice she received annually.

## **What happened**

Between 1 August 1988 and 10 January 1993, Mrs M was eligible to join a Defined Benefit ('DB') pension scheme through her employer ('C') with a retirement age of 65. Both she and her employer would have made contributions to the scheme during this time, and retirement benefits would have been indexed linked. Mrs M did not join this pension scheme.

Mrs M received financial advice from Prudential on 8 March 1989, following which she began making payments into a personal pension policy provided by Prudential.

In October 1994, the Securities and Investment Board (SIB), the regulator at the time, instructed authorised firms to review certain pension business, including pension advice where customers were not advised to join an available occupational pension scheme between 29th April 1988 and 30th June 1994. This was generally known as the "Pensions Review".

This review was not intended to act as a complaints process, but consumers whose pensions were included in its remit were invited to have the effect of the advice they had received on their pension arrangements reviewed. Such reviews were undertaken by providers at a specific point in time and were not intended to be carried out on an ongoing basis.

The advice given to Mrs M in 1989 was reviewed in November 2000. On 14 March 2001, Prudential sent Mrs M a letter explaining that the review had concluded that she had not suffered a loss as a result of the advice to start a personal pension with Prudential rather than to join the DB scheme.

The review also covered two other periods of employment where Mrs M would again have been eligible to join the employer's scheme but discovered no loss to her from having a personal pension at the same time. Mrs M did not complain about these to our service.

Mrs M complained to Prudential in early 2021 about the advice received in 1989, and asked whether the DB benefits she would have been entitled to had she joined the DB scheme with C when she was eligible to would be more valuable than the personal pension contributions she made during that period.

Prudential wrote to her on 23 February 2021 to explain that the pension review was only required to be undertaken once, and the calculations were carried out using the method laid down by the SIB using information available in November 2001 and that consequently they were unable to uphold her complaint.

Mrs M then complained to the Financial Ombudsman Service, stating that she did not understand the calculations Prudential had provided and did not recall receiving the outcome letter in March 2001.

Our investigator reviewed all the information provided and reached the conclusion that the Mrs M's complaint should not be upheld. Mrs M disagreed, so it's been passed to me to take a fresh look at all the evidence and make a final 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.

Having done so, and considered the view of our investigator, I have reached the same conclusion and will not be upholding Mrs M's complaint.

I can appreciate that this will be disappointing for her, so let me explain how I have reached my decision.

The most important fact to consider here is that the Pensions Review which was initiated by the SIB and carried out by pension providers operated to a strict method and was based upon the information available to providers at that time. Prudential have provided the calculations they undertook in November 2000 and which I have reviewed. I can find no fault with their conclusion that, at the time of the review, Mrs M had not financially lost out by setting up a personal pension rather than joining her then employer's scheme. Based on this, I can't see that Prudential has done anything wrong here.

Prudential were able to provide a copy of the outcome letter sent to Mrs M in March 2001, so I think that it's reasonable to assume that she did receive a copy, even if she does not recall it.

Mrs M says she doesn't understand how a DB pension can be deemed less beneficial than a personal pension. And I understand her concerns. However, what the pension review calculations did was to compare the value of the DB pension compared to her personal pension. The contributions Mrs M lost out on by not joining her DB scheme are factored in when calculating these values. The regulator provided firms with assumption on returns, interest rates etc. they needed to use for their calculations. And based on these assumptions at the time of the review the calculations showed Mrs M had not lost out by not joining her DB scheme and was in fact slightly better off in the personal pension.

Turning now to Mrs M's belief that the review should have been repeated annually in later years, there was no requirement for it to do so under the terms of the original pension review. Once a review was undertaken, it was meant to draw a line under the matter. Providing the review had been carried out in line with the relevant guidance at the time, which in this case I think it was, I don't think it would be reasonable to ask Prudential to review the matter afresh 20 years later

### **My final decision**

For the reasons explained above, I do not uphold Mrs M's complaint and I will not be asking The Prudential Assurance Company Limited to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 18 November 2022.

Bill Catchpole  
**Ombudsman**