

## The complaint

Mrs G – as executor of the estate of her late husband, Mr M, complains on behalf of his estate that The Prudential Assurance Company Limited hasn't paid the correct lump sum from her husband's pension policy after his death.

## What happened

Mr M held a pension policy with Prudential that he'd taken out in 1981 and made contributions to for a number of years.

In March 2011 Mr M sadly died before his Prudential pension was in payment. Mrs G was Mr M's wife at the time of his death. She was also the executor of his estate.

In September 2011, after Mrs G had provided a copy of her husband's death certificate and the grant of probate, Prudential paid a lump sum under the policy of £73,665.01.

In March 2018 Mrs G asked Prudential to provide her with a breakdown of her late husband's policy benefits. She said her husband had told her he would leave her over £750,000 and she'd said she'd been told on the phone by a Prudential consultant that her husband had another policy or policies with it.

Prudential responded, saying the policy taken out in 1981 never had any life cover attached to it, and that the benefits were calculated correctly when the claim was settled. It also confirmed there were no other plans (policies) in force in her husband's name.

In February 2019 Mrs G telephoned Prudential to complain. She didn't think the correct amount had been paid.

In its response, Prudential again said there wasn't any life cover attached to the plan, and the benefits had been correctly calculated.

After this there were some further emails between Mrs G and Prudential in relation to the amount of the lump sum. Mrs G said it should've been higher, referring to a leaflet Prudential had previously provided (this was the leaflet titled 'Lump sum death benefits over the Lifetime Allowance'). Prudential indicated the information she referred to was a pamphlet.

In due course Mrs G brought the complaint to us.

One of our investigators looked into it and issued a view. He said that:

- The figures of £625,000 and £700,000 in the Prudential leaflet were only examples for working out possible tax charges. There was no evidence the figures applied specifically to her husband's pension policy.
- The booklet Mr M would've been given when he took out the policy showed that if he were to die before his pension started, his estate would be paid a lump sum.

Mrs G responded, querying why Prudential would send out a leaflet with examples not complementary to her husband's policies. Our investigator said it was a general leaflet that wasn't specific to her husband as it didn't have his details in it. The four examples in it were

only example calculations and none referred to her husband. He said Prudential had told our service that it was sent whenever a policyholder passes away to give general information on the lifetime allowance.

Our investigator also provided Mrs G with a copy of the information Prudential had provided to our service, as requested.

Mrs G then said the payout should be nearer £700,000 as her husband died unexpectedly and would've received a pension of £19,000 per year from 60. Our investigator didn't agree, so the case came to me for decision from 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.

Mrs G is firmly of the view that a much larger lump sum should've been paid after her husband's death. She bases this on what she recalls her husband told her prior to his death, on the recollection of her husband's accountant, and on the information in the Prudential leaflet referred to above. I'm sorry to hear that she was unwell for quite some time after her husband's death and only felt well enough to question the amount of lump sum years later. And I don't doubt the sincerity of Mrs G's recollections. But although I know it will disappoint Mrs G and I'm sorry for that, I'm not going to uphold the complaint. I'll explain why.

But before I do that, it might be helpful if I say that in this decision I'm only looking at the complaint about the amount of the lump sum that should be paid as that is the part of the complaint brought by Mrs G that must be made on behalf of her late husband's estate. This is because under the terms of the pension policy the lump sum must be paid to Mr M's estate unless the policy was written in trust for a named beneficiary, which wasn't the case here. I will deal with the other aspects of the complaint concerning life insurance and whether Mrs G should've been given the option to take a pension rather than a lump sum in another decision. This is because Mrs G is able to complain about those issues on her own behalf rather than on behalf of the estate.

This complaint concerns a pension policy taken out forty or so years ago. And any discussions Mrs G had with her husband also took place a good many years ago, as did any discussions her husband had with his business partner and accountant. I'm conscious that over such a long period of time memories can, and do, fade. I don't doubt the sincerity of Mrs G's statements to our service, but I must balance those against the documents Prudential have provided, some from the time the pension was taken out.

I've looked very carefully at the Prudential leaflet that Mrs G relies on to show that the lump sum should've been much larger. In my view this is a general leaflet provided to all those who notify the death of a policy holder to Prudential. I think it is most likely to have been provided to Mrs G shortly after her husband's death. I say this because page one of the leaflet indicates that:

*This leaflet covers the position on death before age 75 and explains*  
*-the effect of legislation on the payment of lump sum death benefits,*  
*-possible tax liability for anyone receiving lump sum death benefits, and*

*-the new responsibilities for  
Personal Representatives\*.*

It isn't intended to set out the benefit payable under a particular policy, but rather to show (with examples) the tax issues relating to pension lump sums and the lifetime allowance.

Mrs G has queried why Prudential would send out examples not relevant to her husband's policy. The leaflet was relevant to Mr M's policy in that the lump sum payments under the policy formed part of his lifetime allowance, and it would be necessary for Mrs G, as executor to decide if any tax was payable. The examples were precisely that, examples of how to calculate tax liability in different circumstances, to cover a range of possibilities. So I don't think the specific amounts in the leaflet set out the entitlements under Mr M's policy after his death.

I also can't agree that (as Mrs G argues) the payout should be nearer £700,000 as her husband died unexpectedly and would've received a pension of £19,000 per year from 60. I've not seen any evidence to suggest that Mr M would've received an annual pension of £19,000. Mr M's 2010 statement showed that the amount he was guaranteed to receive per year from retirement in 2015 was £7,579.48.

And the pension to be received by Mr M after he retired wasn't relevant to the amount of the lump sum to be paid if he died before beginning to take his pension. Page 6 of the 'Guide to the Prudential Personal Retirement Plan' indicates that should Mr M die before his pension commences his estate will receive the premiums paid plus compound interest at the rate of 5% per annum. This was the basis for the calculation of the amount of £73,665.01 paid to the estate.

For all the reasons given above, I'm not going to uphold the complaint about the amount of lump sum paid under the pension policy after Mr M's death, although I appreciate this will disappoint Mrs G and I'm sorry for that.

**My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr M to accept or reject my decision before 8 January 2022.

Helen Wheatley  
**Ombudsman**