

The complaint

Mr T has complained about incorrect information that he was given about one of his pension policies by The Prudential Assurance Company Limited.

What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

“An ombudsman with this service previously sent her assessment of how this complaint should be fairly resolved to Mr T and Prudential. She is not available to continue to assess this complaint, and so I have been asked to look at it and decide how it should be resolved.

Mr T has a retirement annuity policy with Prudential that he took out in 1986. The policy guarantees that a basic pension will be paid at a specific date, in accordance with the policy terms. The guaranteed basic pension can increase each year through the addition of annual bonuses.

Mr T was intending to take the benefits from the policy in 2020. He says that his independent financial adviser (IFA) was told by Prudential that this policy provided an annual pension of around £750. Because Mr T was concerned about stock market movements following the outbreak of the Covid-19 pandemic, he rang Prudential to check the value of the policy and was told that his annual pensions would be £720 a year.

Based on this information Mr T says that he chose to move other pension policies, and he then asked for payments under the Prudential policy to be made. However, at this point Prudential told him that the policy benefit was only for a pension of around £100 a year. Mr T asked Prudential to honour the earlier quote he had received for the policy and pay him a pension of £750 a year.

Prudential apologised for its level of service, but explained that the policy only provided an annual pension of around £100. It offered Mr T compensation of £100 for trouble and upset it had caused. It also said that it would consider compensating for fees that the IFA had charged in the course of carrying out additional work that had resulted from Prudential providing the overvaluation of the policy.

Unhappy with Prudential’s stance, Mr T brought a complaint to this service. Prudential increased its offer of compensation to £250.

My colleague issued a provisional decision. Her view was that the £250 offer made by Prudential was fair. She also said that Prudential should reimburse Mr T for the cost of any additional advice he had to take from his IFA that had resulted from Prudential providing the incorrect policy value, subject to the IFA’s invoices being submitted.

Mr T disagreed with the findings of my colleague’s provisional decision. He stated that they did not accurately reflect the events that had occurred. Mr T says that, with advice from his

IFA, based upon the valuations Prudential had provided stating that the policy offered a pension of around £750 a year, he chose to take that pension in 2020. When he made that decision, he says that these valuations represented the most recent he had received, so he considered it unlikely that they were incorrect.

Although he had received valuations in earlier years that showed the pension to be about £100 a year, Mr T says it was reasonable for him to accept the most recent valuations of either £720 or £750 as being accurate. He disagrees that he had sufficient reason to question Prudential about the accuracy of the more recent higher quotes. Mr T has mentioned other policies he has held with Prudential where it has given him incorrect information. He has asked what fines this service will apply to Prudential to reflect poor record keeping and providing inaccurate information. He has stated that it is unacceptable for a business to provide inaccurate information on multiple occasions.

Mr T says that although he has agreed to take the pension annuity under his policy, he has not received any payments from Prudential, and he has asked that any payments be backdated.

What I've provisionally decided – and why

Mr T has said that Prudential provided both him and his IFA with inaccurate information about his policy on several occasions, reinforcing his belief that the overvaluation it was quoting was correct.

In its submissions, Prudential has provided this service with a number of historical valuations that it issued for this policy. With the valuations issued in September 2014, March 2017 and January 2019, Prudential confirmed that the guaranteed basic pension available to Mr T in 2019 was around £100 a year. On 5 May 2020 quote, Prudential again showed the basic pension to be around £100 a year.

Prudential's records confirm that during a phone call on 11 May 2020, one of its employees told Mr T that the pension was for £720 a year. This is in line with what Mr T has said he was told by Prudential. Mr T says it was confirmed twice to him over the phone that £720 was the annual pension amount available. In terms of written quotations, I can see that in March 2018, a valuation was sent to Mr T's IFA that showed the guaranteed annual pension was £720.

It is clear therefore that Prudential did misquote the value of the policy to Mr T and his IFA. However, it is the case that valuations sent to Mr T in 2014, 2017, 2019 and 2020 showed the accurate, lower pension amount. My view is that it would not be reasonable for me to require Prudential to pay Mr T his pension based on the overquoted value. That's because the premiums he initially paid into the policy provided for an annual pension of around £100, rather than over £700. In addition, my view is that the correct valuations Mr T had received over a number of years should reasonably have led him to question whether the overquoted valuations (which were seven times higher than the correct value) were accurate.

Mr T has mentioned fining Prudential for its inaccuracies and poor record keeping, but I should clarify that the role given to this service does not include fining businesses for their actions. Instead where a business has made an error, as is clearly the case here, I can make an award for financial loss that has been caused to a consumer, and I can also award for distress the error has caused the consumer.

Prudential initially offered Mr T £100 for distress caused to him, and later increased this to £250. Taking into account the difficulties Mr T has described he experienced as a result of Prudential's errors, and considering awards made on cases with similar circumstances, my

view is that the offer of £250 compensation is a reasonable one.

I also consider it fair that Prudential pay the reasonable costs of any additional work Mr T's IFA may have had to invoice Mr T for that resulted from Prudential providing incorrect valuations.

In terms of Mr T's comments that he has agreed to take the annuity under his policy but has not as yet received any payments, he will need to contact Prudential directly to find out what the current position is, and to see if payments are to be backdated."

Responses to my provisional decision

Prudential responded that it agreed with my provisional decision.

Mr T has suggested that before I reach my final decision, I should contact Prudential, ask them about other policies that he has had with it, and consider misleading information that has been provided about those policies. He has explained that he has raised complaints with Prudential over the years about these other policies, and one of these other complaints remains ongoing.

To accompany these comments, Mr T has copied me in on correspondence that he is currently having with Prudential about one of his other policies – a section 32 'buyout' plan. I understand from this correspondence that the value of the section 32 plan quoted by Prudential has fallen, and also that Mr T expected to receive benefits from the section 32 plan from March 2020. Mr T mentions in the correspondence that he considers the section 32 plan was mis-sold to him.

Mr T has highlighted that he has yet to receive any pension payments from the policy that is the subject of this complaint.

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.

I appreciate that Mr T remains dissatisfied about his dealings with Prudential in relation to various policies that he has with the business. Whilst I note his comments about the way Prudential has administered his policies, I should clarify that this complaint relates only to his retirement annuity policy, and the incorrect valuations Prudential provided for this policy. For that reason, I do not intend to contact Prudential to ask it for details relating to Mr T's other policies.

If Mr T is unhappy about the ongoing service he is receiving for other policies he holds with Prudential, including the section 32 plan that he has copied this service into correspondence about, he will need to raise those concerns in the first instance with Prudential, if he has not already done so.

Mr T has reiterated that he has not started to be paid his pension from his retirement annuity policy. As I explained in my provisional decision, Mr T will need to contact Prudential directly to establish what is happening with the setting up of his annuity payments, and whether these are to be backdated.

In terms of Mr T's complaint about the inaccurate information he was given about his retirement annuity policy by Prudential, having considered the responses to my provisional decision provided by the parties, my view remains as explained in that provisional decision.

My final decision

My final decision is that I require The Prudential Assurance Company Limited to pay Mr T £250 to reflect the distress caused to him by its errors.

The Prudential Assurance Company Limited must also reimburse Mr T for the reasonable cost of any additional financial advice he had to pay for that was the result of him being given incorrect policy valuations for his retirement annuity policy. Mr T will need to provide his IFA's invoices to evidence these costs

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 7 January 2022.

John Swain
Ombudsman