

## **The complaint**

Mr V complains that his fund with The Prudential Assurance Company Limited (Prudential) has underperformed. Mr V wants Prudential to make up the shortfall.

## **What happened**

In 1988, Mr V transferred his employer's pension fund to a Prudential Bond 32 plan ("the plan"). Prudential provided an illustration of the benefits Mr V could receive from the plan. The values were based on the prescribed assumed rate of growth of 8.5% and 13%.

Mr V complained to Prudential in 2020 that the projected illustration rates were overly optimistic. He thought it was reasonable to expect a return of 8.5% or more rather than the actual annual rate of return of about 6.5%.

After Prudential didn't uphold his complaint, Mr V came to this service.

The investigator considered his complaint but didn't recommend upholding it. She was satisfied that Prudential gave Mr V the relevant documentation at the time he took out the plan. She explained that Prudential's growth illustration was in line with the guidance set at the time. And that this service couldn't hold Prudential responsible for the fact Mr V's investment hadn't performed as hoped for.

Mr V is unhappy with the investigator's recommendation. He says that only once in the lifetime of the plan did it achieve a 13% return and only seven times a return of 8.5%. Mr V thinks that Prudential mis-sold the plan to him. Mr V has given this service evidence of other pension providers that have had better rates of return on investment.

## **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 realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean I've not considered everything the parties have given me.

In 1988, at the time that Mr V took out the plan with Prudential, the regulator LAUTRO had set down standard growth rates that pension illustrations had to be based on. These were a lower rate of 8.5% and higher rate of 13%. This was also explained on Prudential's paperwork that it gave to Mr V.

Over time the hoped-for growth rates haven't been achieved but LAUTRO required its members to use the standard growth rates that it, as regulator, had deemed fair. This was also in part so customers could make like for like comparisons of plans across different providers. Prudential as a member had to use these rates – for it not to would've been out of line with the rest of the market and in breach of its regulator's guidance.

I appreciate that Mr V is unhappy that the plan hasn't performed as he had hoped but returns on investments aren't guaranteed. Just because an investment hasn't performed as well as expected doesn't necessarily mean the business has done anything wrong.

Prudential's paperwork explained that "the two amounts didn't represent the upper and lower limits of the possible amount of the benefit." And that the "benefits actually payable may be higher or lower than those illustrated". So, I can't find that Prudential guaranteed a certain level of growth. This means I don't consider it reasonable to require Prudential to pay Mr V a pension sum that's based on the lower illustration of an 8.5% growth rate.

I'm sorry to disappoint Mr V but for the reasons outlined above, I don't uphold his complaint.

### **My final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 15 September 2022.

Gemma Bowen  
**Ombudsman**