

The complaint

Ms S is unhappy with the annuity she receives from her policy that was originally with Zurich Assurance Ltd (Zurich). She would like a cash lump sum in place of the annuity going forward. She has explained that at the time when she decided to take her benefits in 2009, she was under a lot of stress due to a bereavement.

What happened

Ms S had a pension with Zurich and in 2009 she contacted it to ask about her options to take benefits from the plan. At the time Ms S was aged 51. Ms S has explained to us she had suffered a bereavement at the time, and this prompted her to take her pension early.

Zurich provided Ms S with an annuity quote from Prudential. The covering letter explained that Zurich didn't specialise in annuities, so it had compared its offer with a market leading annuity firm, in Prudential. It said Prudential could provide a better annuity than it offered. The letter also said Ms S still had the opportunity to look at the rest of the market for a better annuity through the open market option.

I've included a summary of the key information included in this quote and associated documentation from the time:

'Having compared the annuity rates, in your circumstances we conclude that a Prudential annuity will provide you with a higher income. The enclosed quotations tell you what income you might get if you claim your pension now and take a guaranteed pension annuity from Prudential. The figures are based on the fund value of your plan and aren't guaranteed. We will confirm the final fund value when you send back your completed claim paperwork. Remember; You still have the right to an open market option.'

Helping you decide

It's important you consider all the alternatives when deciding how you want to take your benefits. To help you decide, please follow these key steps:

- *read the document called 'Claim Options available to you'*
- *read the information in the brochures and leaflets we've enclosed*
- *if you are still not sure which option is best for you, please contact your adviser.'*

The claim form also explained that the following information was included:

'BROCHURES & LEAFLETS FOR YOU TO READ AND TO KEEP

• 'Income for life'

This explains what to consider and the choices you need to make when you buy your annuity.

• Key features

This provides detailed information about the Prudential Guaranteed Pension Annuity.

- *Key facts about our services*

This explains the services Zurich are able to offer you...

OTHER DOCUMENTS IN THE PRUDENTIAL QUOTATION PACK

- *Annuity quotation (copy for you to keep)*

This is a copy of your Prudential quotation for you to keep.

- *Detailed information about your annuity income options*

This provides more detail about the each of the options shown in the annuity quotation. You need to match the Option number shown here with the option number on the annuity quotation so you can see all of the features of your chosen annuity.

- *Important information about your annuity*

This provides key information about the Prudential annuity that you need to read and understand.'

The key features document set out that:

'We can only offer an annuity from Prudential Retirement Income Limited and in limited circumstances an annuity from Zurich Assurance Ltd

You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

Your Guaranteed Pension Annuity does not have a cash-in value.

This plan has no cash-in value at any time.

The pension will be paid for your lifetime.

If you die within the guarantee period we will continue to pay the pension to your estate until the end of the period.'

More recently Ms S contacted Zurich to explain she was in financial difficulty and realised she had made an error taking out the annuity when she did. She asked whether it could consider her exceptional circumstances and convert her annuity to a lump sum going forward.

Zurich responded to say it couldn't help Ms S as it had acted on her instructions at the time and the annuity had now been setup with Prudential. At the time it wasn't licensed to give advice so the decision was made by Ms S based on the information it had provided. It said it had given her all the relevant information about her options.

Our investigator looked into matters but didn't uphold the complaint, she explained that it was a non-advised sale so Zurich isn't responsible for the choice that Ms S made. Its role was to provide Ms S with the options available to her which it did do. A lump sum wouldn't have been available to her at this point and as Zurich no longer had the annuity it couldn't offer her any changes to her policy now in any event.

Ms S wished to receive an ombudsman's decision as she believed that the stress she was under at the time of the annuity sale due to bereavements, divorce and financial difficulties meant that the decision wasn't fully informed or considered. She said if she was unable to have a lump sum she would be willing to receive higher payments over a shorter time.

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 am really sorry to hear of the difficult circumstances Ms S is suffering. I appreciate such small annuity payments from her Prudential annuity likely aren't that helpful to her. But unfortunately we can only help Ms S if we believed the business had made an error or did something wrong. And I've looked at the evidence and I don't think Zurich did anything wrong here in the sale of Ms S's annuity.

I understand Ms S's point that she was under great distress at the time of the annuity sale due to the really difficult circumstances she's told us about. And that this affected her ability to think rationally and fully understand what she was agreeing to. However, I cannot reasonably hold Zurich responsible for that, I've not seen anything to suggest they would've been aware of this at the time. And even if they were, they couldn't advise Ms S about what to do. Its role was to give Ms S all the information required to make an informed decision and to comply with her instructions – as long as they were within the rules applicable at the time. The evidence shows this is what it did do.

At the time Ms S's options were fairly limited, she couldn't take the whole plan as a lump sum. And it seems she wanted to access the tax-free cash lump sum but in doing so she was obliged under legislation to take out an annuity. In some circumstances customers could take the policy as a lump sum and I note Zurich didn't include this in the options available to her, although passing mention was made of this option in its letter. But Zurich didn't need to offer this to Ms S, as it didn't apply to her. She was taking her pension at age 51 and commuting the value for a lump sum was only available to customers that were closer to their normal retirement age. So I don't think Zurich did anything wrong in the sale of the annuity.

Ms S has explained that due to difficult financial circumstances she would like a lump sum in place of the annuity going forward, or for the annuity to be paid in higher amounts earlier. But as the annuity is no longer with Zurich, even if it wanted to, it couldn't amend the annuity going forward. Ms S's needs to contact Prudential about any alterations to her annuity. It appears she has already contacted Prudential to complain about the sale of the annuity but that was the responsibility of Zurich. The responsibility for the annuity once in payment, is Prudential's. Legislation does allow under some circumstances for annuities to be cashed in for a lump sum but this is at the discretion of the business. And I don't want to give Ms S false hope as from my experience this isn't something Prudential is likely to agree to. However, as I've said Ms S first needs to contact Prudential to see whether it will agree to amending her annuity going forward, as I cannot answer for it.

In conclusion, having considered the circumstances of this case and the evidence, despite my sympathy with Ms S's position, I cannot fairly uphold her complaint for broadly the same reasons given by the investigator.

My final decision

For the reasons explained above, this complaint has not been upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 6 March 2024.

Simon Hollingshead
Ombudsman