DRN-4607356

The complaint

Mrs A complains that she is disappointed with the value of her pension scheme that she has held with The Prudential Assurance Company Limited since 1990.

What happened

- Mrs A's Prudential pension scheme started in January 1990.
- Prudential explain that the terms of Mrs A's pension meant that contributions for the first 12 months bought *capital units* and after that bought *accumulation units*.
- Charges are higher on *capital units* impacting their growth whilst charges on *accumulation units* are lower allowing for greater fund growth.
- Prudential also explain that the terms of the policy included a 'discontinuance charge' if the contributions ceased before two years contributions were made. Which equalled the full value of the capital units.
- Mrs A has shown us the annual statement from January 1991. This showed contributions around £60 a month were made into the pension. And showed that, at that stage the pension only held £55 worth of accumulation units. The remainder of the pension fund being held as capital units.
- By 1 May 1991 contributions ceased and the pension plan was made up. Total contributions were around £1,000.
- Charges continued to be applied to the remaining accumulation units that Mrs A's pension held.
- Mrs A complained to Prudential in 2023 about the performance of her pension. Its value being around £545.
- Prudential didn't uphold Mrs A's complaint. It explained that return on the investment is dependant on the chosen fund after the effect of any charges or withdrawals. There was no guaranteed returns with her policy and, as with any investment, she may get less than was paid in.
- After investigating, our investigator concluded the complaint should not be upheld because there was no evidence that Mrs A's pension wasn't the result of the impact of fees on the growth of the policy. Overall there was no evidence that Mrs A's pension had been managed inappropriately

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, I've decided not to uphold this complaint for these reasons:

- The investigator has correctly identified that the impact of fees was significant in the case of Mrs A's pension. The fact that pension contributions stopped so soon after the start of this pension had a significant impact in terms of recovery of up-front costs.

- There is no evidence that the charges on Mrs A's pension have been unfairly applied to her pension product. Unfortunately, for the type of policy Mrs A held, charges continued to have a proportionately significant impact due to the relatively small size of the sum invested.

- I understand that Mrs A considers the long term performance was disappointing. But I have no evidence that her pension was mismanaged or that the fund size is not simply a product of the impact of charges on a pension product that was intended to continue to receive ongoing contributions over the long term.

My final decision

My final decision is that I do not uphold this complaint about The Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 28 May 2024.

Gary Lane
Ombudsman