DRN-5175945

The complaint

Mrs T complains that The Prudential Assurance Company Limited ("Prudential") has failed to treat her fairly by changing the maturity date of a pension plan she holds with the firm.

What happened

The pension plan that Mrs T holds was first opened in 1986 with another firm. In 2002 responsibility for the pension plan was transferred to Prudential. The statements that were sent to Mrs T in the early years of the plan showed that the date of its maturity was on Mrs T's 60th birthday in August 2022.

Mrs T says that more recently she has become aware that the statements Prudential has been sending to her show a selected retirement date ("SRD") of her 75th birthday in August 2037. Mrs T says that she hasn't make any changes to a SRD on her pension plan. She complained to Prudential that the date had been changed without her consent and the change meant that she missed out on taking her pension benefits when she turned 60. She said that changes to her financial situation meant that it was no longer beneficial for her to take advantage of the guaranteed annuity rate ("GAR") offered by the pension plan.

Prudential didn't agree with Mrs T's complaint. It told her that it had followed its processes correctly and the SRD had been applied when the pension plan had first been taken out. But it confirmed that Mrs T would have been able to take her pension benefits, and receive the GAR, any time after her 60th birthday. Prudential accepted that it hadn't explained its answer to Mrs T's complaint well enough at first, so it paid her £75 for any inconvenience she'd been caused. Unhappy with that response Mrs T asked us to look at her complaint.

Mrs T's complaint has been assessed by one of our investigators. She thought that Prudential had written to Mrs T in the lead up to her 60th birthday to remind her she could take her pension benefits. And the investigator thought that those benefits had remained available to Mrs T since that date. She didn't think the SRD detailed on the policy caused any impact to Mrs T's ability to take her pension benefits.

Mrs T didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mrs T and by Prudential. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words

I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

This complaint involves a pension plan that was taken out by Mrs T in 1986. So it isn't surprising that Prudential no longer holds much documentation from when it was opened. But Prudential has been able to provide us with a copy of the terms and conditions that applied to the plan that Mrs T held.

The terms of the pension plan required Mrs T to use the plan to purchase an annuity before her 75th birthday. The terms also allowed for any benefits to be taken at an earlier retirement date. That date is set by legislation – when the plan was taken out Mrs T could take her pension benefits from age 50, but that age was later revised to age 55. But the pension plan that Mrs T held also offered her a valuable guarantee. If she used her pension benefits to purchase an annuity after she reached 60 years of age, the annuity rate she would receive was set out in the plan documentation and better than those currently being offered on the open market.

The information that Mrs T was sent over the years made reference to a pension plan maturity date. From the explanation I have given above it seems that the maturity date as referenced on her annual statements would be the date at which Mrs T was able to access the GAR her plan offered. But it didn't mean that was the only date the Mrs T could retire and receive her pension benefits – as I've explained earlier the GAR could be used at anytime between Mrs T's 60th and 75th birthdays.

I think it unlikely that, when she first took out the pension plan, Mrs T was asked to select a retirement date, and that she chose her 75th birthday as was shown on her more recent statements. Instead I think the SRD that was shown was a reflection of the nature of the plan – meaning that time was the latest point at which Mrs T was able to take her benefits. But more recent changes to the regulations governing what information must be provided to consumers on annual pension statements would have made that date far more visible to Mrs T than it had been in the past.

I haven't seen anything that makes me think Mrs T thought, when she turned 60 in 2022, that the SRD meant she was unable to take her benefits for another 15 years. I think if that had been the case she would have complained at that time. I appreciate that Mrs T says she had a conversation with Prudential a couple of months before her 60th birthday although I also note that Prudential says it has no record of that call. But even if that call had taken place, I think it would have been right for Prudential to tell Mrs T that taking her pension benefits at that time would have meant the loss of the GAR. The GAR only became available on Mrs T's 60th birthday.

I can understand why the use of both the terms "maturity date" and later "selected retirement date" might have caused Mrs T some confusion. It is true that for many pension plans it is necessary to take benefits at a set date in order they don't suffer any reductions in value. But that isn't the case here. The maturity date referred to the point at which Mrs T's pension plan became eligible for the GAR benefits. And the SRD, although I accept the term is misleading since the date wasn't likely selected by Mrs T, references the latest time the benefits can be taken.

But on balance I'm not persuaded any confusion those terms might have caused was the reason that Mrs T didn't take her pension benefits in 2022. Had that been the case I think that would have been something she raised at that time, rather than two years later. So, whilst I appreciate how disappointing this decision will be for Mrs T I'm not persuaded that Prudential has treated her unfairly.

As I mentioned earlier Prudential offered Mrs T £75 compensation in relation to the way it had dealt with her complaint although it isn't clear whether that money has yet been paid. Complaint handing doesn't form part of what I can consider in this decision. So, if Mrs T wishes to accept that compensation, and Prudential hasn't already paid it, she should get in touch with the firm directly.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against The Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 25 March 2025.

Paul Reilly
Ombudsman