

The complaint

Mrs F complains that The Prudential Assurance Company Limited are making her take financial advice against her wishes before they'll release any monies from her personal pension plan.

Mrs F would like Prudential to just process her pension withdrawal request promptly.

What happened

On 23 August 2024, Mrs F telephoned Prudential asking to take 25% tax-free cash from the personal pension that she held with them. During the discussion, Prudential explained to Mrs F that she'd need to instruct a financial adviser to assist her with the process. Mrs F stated to Prudential that she didn't feel the need to seek advice as other providers would simply send her a form to complete, setting out that if things went wrong, they wouldn't take responsibility.

As Mrs F was unhappy with the need to seek financial advice, Prudential treated her concerns as a complaint. After reviewing Mrs F's complaint, Prudential concluded they were satisfied they'd done nothing wrong. They also said, in summary, that for the type of transaction that Mrs F wanted to undertake, it was their policy to require all plan holders to utilise the services of a financial adviser. Prudential explained that's because taking monies out of a pension is such an important decision and there are multiple factors that she'd need to consider so they wanted to be sure that the withdrawal was suitable for her individual needs and circumstances.

As Mrs F didn't feel that Prudential's response accurately addressed her concerns, she telephoned their helpline on 2 September 2024 to clarify matters. Mrs F explained that she'd not seen Prudential's requirement to seek financial advice set out anywhere so she was surprised by this expectation. Prudential explained the need to take financial advice was covered in their booklet 'Your pension, your choice'. Mrs F explained, however, that the booklet only stipulated that they "strongly recommended" she take advice, and that it didn't state it was mandatory.

After considering matters further, Prudential wrote back to Mrs F upholding her complaint - they agreed that their pack could've been clearer about their requirement to take advice. However, they explained that the requirement to seek financial advice prior to any pension fund withdrawal being approved was still necessary. To apologise for the inconvenience that they'd caused, Prudential explained that they were sending Mrs F £50.

Mrs F was unhappy with Prudential's response, so she referred her complaint to this service. In summary, she said that she felt they were putting obstacles in her way whilst trying to gain access to her pension pot. Mrs F said that she wanted Prudential to process her drawdown request without any further delays.

The complaint was then considered by one of our Investigators. She concluded that Prudential's decision requiring plan holders wishing to extract monies from their pots to take financial advice was a commercial decision for them alone and was not one which this service had the power to instruct them to alter. Our investigator explained that other providers may not have the same position so if Mrs F didn't wish to seek advice prior to extracting benefits, she could of course use an alternative firm.

Mrs F, however, disagreed with our Investigator's findings. In summary, she said that our Investigator had missed the crux her of complaint. She said, in summary, that had she been advised at any time in writing prior to her initial conversation with Prudential on 23 August 2024 that it was mandatory to obtain financial advice prior to the drawdown of her pension, she would not have made a complaint. Mrs F went on to say that at no time has Prudential advised her of such and the wording within the letter states that it is "strongly recommended" which is very different to mandatory.

In addition, Mrs F also explained that she felt Prudential had failed in complying with the regulator's Consumer Duty obligations. She explained that Prudential had already been made aware that the wording within one of their booklets was ambiguous and as such, they weren't acting in good faith.

Our Investigator was not persuaded to change her view as she didn't believe Mrs F had presented any new arguments she'd not already considered or responded to. Unhappy with that outcome, Mrs F then asked the Investigator to pass the case to an Ombudsman for a decision.

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 have summarised this complaint in less detail than Mrs F has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mrs F and Prudential in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, whilst I'm upholding Mrs F's complaint, I'm not going to ask Prudential to do anything beyond what they've already offered - I'll explain why below.

Mrs F says, in summary, that had she been advised at any time in writing prior to her initial conversation with Prudential on 23 August 2024 that it was mandatory to obtain financial advice prior to the drawdown of her pension, she would not have made a complaint. And, having looked at the paperwork that Mrs F received from Prudential, it does appear that any discussions with a financial adviser ahead of taking benefits is optional. However, Prudential

have since clarified with Mrs F that they do in fact require their consumers to seek advice before crystallising their pension with them.

But, Prudential have already conceded in their 11 September 2024 letter to Mrs F that their paperwork could've been clearer around their specific requirement that customers must take financial advice in such circumstances. And, in acknowledgement of the confusion caused, they've offered her £50.

The regulator, the Financial Conduct Authority, sets out very specific rules that requires the businesses it oversees to ensure consumers with certain types of pensions receive financial advice before taking benefits from their plans. From what I've seen of Mrs F's pension statement, there's no specific references to her plan containing any safeguarded benefits that would generally require a mandatory need to take advice. And, Prudential have made no reference in any of the correspondence that I've seen between Mrs F and this service that suggests her pension includes any of those benefits either. However, Mrs F's latest statement does include a reference to her plan containing a guarantee that will apply in certain circumstances – details of which are covered in a separate letter, 'offer of redress', that she'd previously accepted.

So, even though Prudential's initial paperwork was ambiguous about the mandatory requirement to take advice and the regulator's rules point towards Mrs F's plan not falling into a category of pension that necessitates advice before crystallisation, I'm not going to instruct Prudential to set aside their advice requirement. That's because the decision on whether their consumers must seek advice ahead of actioning any (non-protected rights) drawdown requests is a commercial decision for Prudential which is typically based on a variety of factors. Whilst this service isn't privy to all of the background to that decision, Prudential have made reference to some of that rationale within their September 2024 letter to Mrs F – such as ensuring consumers are placed in a fully informed position before proceeding.

But, it doesn't follow that just because Prudential's initial booklet was ambiguous about their mandatory requirement of having to take regulated financial advice, that they should action Mrs F's withdrawal. I do appreciate Mrs F's reluctance to want to take advice before undertaking her withdrawal. But from what I've seen, Prudential promptly clarified their 'advice' expectations with her and apologised for any confusion their letter caused. Prudential have also set out a pathway for Mrs F that she can take should she not wish to follow the advice route. I think that their offer of £50 is fair and reasonable in the circumstances and is at a level that I would've instructed Prudential to pay her had they not already offered to do so.

Mrs F has explained that she feels Prudential has failed in complying with the regulator's Consumer Duty obligations. She says that Prudential had already been made aware that the wording within one of their booklets was ambiguous and as such, they weren't acting in good faith – however, I don't agree. I'm not persuaded that Prudential's actions do amount to inappropriate conduct because their approach in trying to ensure their customers are placed in a fully informed position before taking what are normally long term, irreversible decisions are in my opinion not unreasonable, particularly when I consider that against Mrs F's specific circumstances, where her individual plan contains additional features that are the consequence of a redress exercise.

My final decision

The Prudential Assurance Company Limited have already made an offer to pay Mrs F £50 to settle the complaint and I think that this offer is fair in all of the circumstances.

So, my decision is that The Prudential Assurance Company Limited should pay Mrs F £50 if they've not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 3 June 2025.

Simon Fox
Ombudsman