

The complaint

The estate of Mrs D complains that The Prudential Assurance Company Limited ("Prudential") provided a poor level of service and misleading information in connection with accessing the benefits available under Mrs D's non-profit deferred annuity policy.

Mr D is representing the estate of Mrs D in this complaint.

What happened

Mrs D and safeguarded pension benefits

Mrs D was a member of her former employer's defined benefit (final salary) pension scheme from 1985 to 1994. When the scheme was later wound up, the trustees secured members' promised pensions by purchasing non-profit deferred annuities from Prudential. These annuities guarantee future pension payments and protect members from investment risk. This type of guaranteed income is known as a safeguarded benefit.

In Mrs D's case, Prudential guaranteed to pay her a certain level of retirement income if she chose to take her benefits directly from them. Alternatively, before reaching retirement, she had the option to transfer the value of her policy to another provider to access more flexible options. However, because Mrs D's policy included a safeguarded benefit, the Pension Schemes Act 2015 required her to obtain financial advice if the value of her benefits was over £30,000 and she wished to transfer to another pension provider.

Events that led to this complaint

In September 2021, at age 57, Mrs D contacted Prudential to discuss her policy.

Following this contact, Prudential issued retirement and transfer quotation packs to Mrs D. In summary, these outlined the following options:

1. Take benefits from her policy direct from Prudential as either guaranteed income only of around £5,000 per year or reduced guaranteed income of around £4,000 per year plus a tax-free lump sum of around £26,200. Both options included a spouse's pension; or
2. Transfer the policy value of around £124,000 to another provider immediately to access more flexible retirement options.

Phone recordings confirm Mrs D was considering consolidating her various pension plans, including her Prudential policy, into a Self-Invested Personal Pension ("SIPP"). She stated her goal was to access the maximum tax-free lump sum to help repay her mortgage.

Because the transfer value of the Prudential policy exceeded £30,000, Mrs D was legally required to obtain financial advice before proceeding with a transfer. However, the pack made it clear that financial advice wasn't required if she chose to access her benefits directly from Prudential.

In March 2022, Mrs D sadly passed away before completing the transfer or accessing her benefits. As a result, her Prudential policy remained in place.

In July 2022, Prudential informed her spouse, Mr D, during a phone call that a tax-free lump sum would be available under the bereavement options included in the policy. This information was incorrect. Under the terms of Mrs D's policy, the only bereavement benefit available was a spouse's pension – as clearly stated in the quote pack issued to her in September 2021.

This complaint

Mr D complained to Prudential about poor service and misleading information it provided regarding the benefits under Mrs D's policy. He believed Prudential was wrong to insist that Mrs D needed financial advice to access her funds, especially given her poor health, and said this caused unnecessary delays. He was also upset that Prudential incorrectly told him a tax-free lump sum would be available after Mrs D's death.

Prudential partially upheld the complaint. They apologised for the incorrect information about bereavement options, acknowledged the distress caused, and paid Mr D a £300 compensation payment. However, they maintained that financial advice was legally required for a transfer because the policy's value exceeded £30,000.

Mr D wasn't satisfied and referred the complaint to the Financial Ombudsman Service. The investigator found that Prudential had not misled Mrs D about the advice requirement for transferring her policy and had not said financial advice was needed to access benefits directly. She considered the £300 compensation fair for the bereavement misinformation.

Mr D disagreed, arguing that Prudential's advice requirement delayed access to benefits and that they also delayed updating Mrs D's address. As no resolution was reached, the complaint has now been escalated to me for further review.

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.

Before I set out my findings and decision, I'd like to offer my sincere condolences to Mr D for his loss. Reading through his comments, I think it's important for me to note and recognise his strength of feelings about this matter.

I've considered all relevant laws, regulations, regulatory rules, guidance, standards, and codes of practice, as well as what I believe represented good industry practice at the time. Where the evidence is unclear or conflicting, I've made my decision based on the balance of probabilities – that is, by weighing the available evidence and surrounding circumstances to determine what I believe is more likely to have happened.

I'd like to clarify that the purpose of this decision is not to address every individual point raised by the parties. If I haven't commented on a specific issue, it's because I don't believe it has a material impact on the overall outcome of this complaint. I've carefully reviewed all the evidence again, including Mr D's additional comments. After considering everything, I agree with the investigator's findings for the following reasons:

- **Timely and accurate information:** Prudential issued both early retirement and transfer quote packs promptly after Mrs D's initial contact in September 2021. These documents clearly explained her options and the benefits available, including income

and tax-free cash amounts if she took benefits directly from Prudential.

- **Mrs D's intentions:** Phone recordings confirm Mrs D was primarily interested in transferring the value of her policy to a SIPP as part of a pension consolidation exercise, rather than taking benefits directly from Prudential.
- **Advice requirement:** Mrs D questioned during phone calls why Prudential required her to obtain financial advice when her other pension providers didn't. However, those other pension policies likely didn't include safeguarded benefits. Her Prudential policy did, and under the Pension Schemes Act 2015, advice was legally required for transfers over £30,000. At the time, her policy's transfer value was around £124,000, so Prudential was correct in stating that advice was needed to transfer.
- **No misleading information:** There's no evidence that Prudential told Mrs D she needed financial advice to take benefits directly from them including the tax-free cash lump sum. The early retirement quote pack included an Acceptance Form for her to complete if she wished to proceed in taking either the guaranteed income only or reduced guaranteed income and tax-free cash option from Prudential.
- **Bereavement information error:** Prudential admitted it gave Mr D incorrect information about a tax-free lump sum being available after Mrs D's death. In reality, the only bereavement benefit was a spouse's pension, as clearly stated in the early retirement quote pack. While this was a mistake, it was corrected, and doesn't entitle Mr D to a lump sum or further compensation.
- **Compensation:** Given the error and the distress caused by the incorrect bereavement information error, I consider the £300 compensation already paid by Prudential to be fair and reasonable. I don't find it appropriate to require any additional payment or further action.

My final decision

Based on the reasons set out above, my final decision is that I don't uphold the estate of Mrs D's complaint about The Prudential Assurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mrs D to accept or reject my decision before 28 July 2025.

Clint Penfold

Ombudsman