

The complaint

Mrs B complains that The Prudential Assurance Company Limited (Prudential) failed to continue to pay her the annuity payments she felt she was due from her late husband's pension after his death. Prudential said the annuity was set up as a single life policy, with no further benefits being due given Mr B had died after the end of the annuity's guarantee period. But Mrs B thinks that the annuity was mis-sold.

Mrs B is represented in her complaint. But I'll only refer to her in my decision.

What happened

Mr B had a pension savings plan with Prudential. On 24 December 1988, he signed a nomination of beneficiary form which asked the Trustee of his plan to consider Mrs B as a possible recipient of his pension if he should pre-decease her before he'd taken his benefits from the plan.

Mr B also signed a "Form of direction" on 21 June 1993. This said that if he should die before the payment of his Protected Rights under the plan, he'd like Mrs B to be his beneficiary.

Five years later, in 1993, Mr B decided to use the benefits from his pensions savings plan to buy an annuity. The evidence showed that this started with Prudential on 5 August 1998. Prudential has provided evidence to show that this was set up on a single life basis, with a five-year guarantee that would end on 4 August 2003.

Mr B signed a form dated 3 September 1998 about his annuity. On this form he explained he wanted to start drawing his pension. And said:

"...in the event of my death after retirement, I wish to nominate [Mrs B] who is my spouse to benefit from any lump sum payment under Rule 18.3."

I understand that the annuity was paid to Mr B from 1998 to 2019, when he sadly died.

Mrs B called Prudential on 11 July 2019 as she wanted to understand more about what she'd been told when Mr B had died. She said Mr B had told her that his Prudential annuity would be paid to her after his death. The call handler said he'd investigate this. But then explained that only Mr B was named on the annuity. And because the guarantee had expired on 4 August 2003, there was no further money to be paid from the annuity. Mrs B said: *"that's fair enough, maybe he didn't take this on board, maybe he understood the original arrangement but didn't think about when he would die sort of thing"*. The call handler said he would arrange to send out a letter confirming the annuity had ended.

Prudential then wrote to Mrs B on 23 July 2019 to acknowledge Mr B's death and to express its sympathy. The letter stated that under the terms of the annuity, the yearly amount Mr B had been receiving throughout his life would now end. It also said that as there was no final proportionate payment, no further money was due for the annuity.

Mrs B's representative said she first found out about the situation in February 2025. She said Mrs B had told her how upset she was and felt cheated out of her spousal benefit from Mr B's pension.

Mrs B's representative called Prudential on 25 March 2025. She asked it about the death benefit available for Mrs B under the terms of the annuity. Prudential said it'd informed Mrs B when she'd reported Mr B's death. But it said she could send in copies of any relevant documents she had. She then sent Prudential an email the same day with copies of some forms Mr B had signed. Her email also said that Prudential had told Mrs B that the annuity had been set up incorrectly. And that she wanted the spousal annuity reinstated.

Prudential wrote to Mrs B on 3 April 2025. This letter reconfirmed that any payments from the annuity had ended with Mr B's death.

Mrs B's representative raised a complaint as she felt the annuity had been mis-sold. She felt that the annuity had been set up as a joint life policy. To put things right, she wanted Prudential to re-start the annuity for Mrs B and to pay her the annuity payments she'd missed.

I understand that on 16 May 2025, Mrs B received a letter dated 1 May 2025 addressed to her late husband. Her representative said this was extremely distressing for her.

Mrs B's representative called Prudential on 4 June 2025. She was upset that it'd incorrectly addressed a letter to Mr B. She said that Mrs B had been too distressed at the time of her husband's death to look into the annuity.

Mrs B's representative said that at the time Mrs B had informed Prudential about Mr B's death in 2019 it'd told her that the annuity had been set up incorrectly.

Prudential issued its final response to the complaint on 11 June 2025. It apologised for the time it'd taken to provide its final response and for the distress it'd caused when it'd sent correspondence to the late Mr B. It said it would send Mrs B £250 as a gesture of goodwill.

Prudential didn't uphold Mrs B's complaint about the annuity. It said that it hadn't told Mrs B that the annuity had been set up incorrectly when she'd called to inform it about Mr B's death. But it acknowledged that she had told it during that call that she'd expected the payments would continue. It said the call handler had explained how the annuity had been set up and explained the guarantee period.

Prudential said it hadn't been able to locate the original documents from the time of the 1998 sale. However, it said that the annuity had been set up with a five-year guarantee period, which meant that if Mr B had died within the first five years of the annuity it would continue to be paid in full to Mrs B until August 2003. But after the guarantee had expired, there'd be no further payments from the annuity after Mr B's death.

Unhappy, Mrs B brought her complaint to this service through her representative. She felt that Prudential had admitted it'd set up the annuity incorrectly and that it couldn't find the original paperwork. Mrs B said that her late husband had told her many times that this pension would continue to be paid to her after his death.

Our investigator didn't think the complaint should be upheld. She acknowledged that Mrs B's representative had provided documents which she believed proved there was a spousal benefit on the annuity. But felt that two of these documents related to Mr B's pension plan before he'd taken out his annuity, which made them irrelevant to it. She noted that the third document – dated 3 September 1998 - had been relevant to the annuity. But said that this

was connected to the five-year guarantee period which had expired in August 2003, a long time before Mr B's death in 2019.

Our investigator said that Prudential had been able to share screenshots of its system which showed information about Mr B's annuity. These showed that the annuity was set up as a single life policy, with a five-year guarantee period that expired on 4 August 2003. She said Mrs B hadn't been named on the screenshots. She couldn't therefore fairly say that the annuity had been set up as a joint life policy.

However, as Prudential couldn't provide copies of the documents from the time of the sale due to the amount of time that has passed, our investigator said she couldn't make a finding on whether or not the annuity had been mis-sold, as she didn't know what was discussed at the time Mr B took out the policy.

Our investigator also felt that the £250 compensation Prudential had offered for the distress and inconvenience caused by the letter it'd incorrectly addressed to Mr B and its delayed complaint response was reasonable.

As agreement couldn't be reached, the complaint has come to me for a 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.

Having done so, I'm not going to uphold the complaint. I'll explain why.

Before I start, I understand that Mrs B has been unwell. I'm sorry to hear that and hope she is recovering well.

I first considered whether there's any evidence that Prudential set up the annuity incorrectly.

Was the annuity set up incorrectly?

Prudential no longer has copies of the original sale documents. While I know this is disappointing for Mrs B, I agree with our investigator that it's not surprising, given the sale took place almost 30 years ago. I've gone on to consider any other evidence provided about the set-up of the annuity.

Prudential has provided screenshots from its annuity system which show that Mr B's annuity was set up on a single life basis, with a five-year guarantee that would end on 4 August 2003. The screenshots hold no information about a "second life" under the annuity, instead only holding information for the "first life" – Mr B.

While I acknowledge that Mrs B said that her late husband had told her many times that this pension would continue to be paid to her after his death, I'm not persuaded that he asked Prudential to set his pension up in this way. I say this because the evidence clearly shows that a single life annuity was set up in 1998.

Overall, I am satisfied therefore that Mr B instructed Prudential to set up an annuity plan on a single life basis. I can see there was a clear reason for Mr B selecting this option, because it provided him with a higher annual income than if he had included a dependant or spouse income.

I appreciate that for Mrs B, not being paid any further income from this annuity seems unfair,

given she expected to receive a joint life income after Mr B's death. But the evidence shows that the annuity was set up on a single life basis, so Mrs B was never entitled to receive a continuing annuity after Mr B's death.

I next considered whether the nomination of beneficiary forms Mrs B has provided mean that she should've benefited from her late husband's annuity after his death.

Nomination of beneficiary

I understand that Mrs B considers that the forms she's provided as evidence mean that she should've benefitted from her late husband's annuity on his death. So I want to explain why I agree with our investigator that the nomination of beneficiary forms provided aren't relevant to the annuity, despite that annuity having been purchased from the proceeds of Mr B's pension plan.

The evidence shows that before Mr B purchased his annuity, he had a pension savings plan with Prudential. I've been provided with a nomination of beneficiary form dated 24 December 1988. This form effectively asked the Trustee of the pension plan to consider paying any death benefits under that plan to Mrs B if Mr B should die before he'd taken his retirement benefits. But this form became irrelevant as soon as Mr B purchased his annuity in 1998, as at this point he had taken his benefits from the pension savings plan, replacing those benefits with a new policy, his annuity. That new policy had its own terms for death benefits, which depended on the type of annuity Mr B decided to buy.

I can also see that Mr B signed a "Form of direction" on 21 June 1993. This was also related to the pre-retirement benefits of his pension savings plan with Prudential, not the annuity he purchased with the proceeds from that plan. It too became obsolete when Mr B purchased his annuity.

As I noted earlier, once Mr B used the proceeds of his pension savings plan to buy the annuity in 1998, the 1988 and 1993 forms were no longer relevant, as he'd effectively taken his retirement benefits from the pension savings plan, so there were no benefits left for the Trustee of that plan to consider.

Instead, there were potential death benefits from the annuity Mr B purchased in 1998. The form he signed on 3 September 1998 set up Mrs B as his beneficiary for that annuity. But death benefits were only available under that annuity if Mr B died within the first five years of the start date of the annuity, as he'd purchased a single life annuity with a five-year guarantee.

I next considered the call Mrs B had with Prudential in July 2019.

July 2019 call

Mrs B's representative said that Prudential had told Mrs B during the July 2019 call that the annuity had been set up incorrectly. She said she'd said "*fair enough*" during that call not in agreement but simply because she didn't have the strength to argue.

I acknowledge Mrs B's strength of feeling on this point, but I can't fairly say that Prudential told her during the 11 July 2019 call that Mr B's annuity had been set up incorrectly. From what I've seen, Prudential correctly explained that only Mr B was named on the annuity. And that the five-year guarantee had expired in 2003, so no further benefits were due. I've not been provided with any other evidence that Prudential ever told Mrs B that it'd set up Mr B's annuity incorrectly. I therefore can't fairly say that it did.

I went on to consider whether the £250 Prudential has offered Mrs B for the distress and inconvenience caused was fair.

Distress and inconvenience

Mrs B has explained how upsetting it was to receive a letter from Prudential that was incorrectly addressed to her late husband. Prudential apologised for this. It offered to pay her £250 compensation for the distress this had caused, and for the inconvenience caused by its delayed complaint response.

While I fully acknowledge how distressing it must've been to receive that incorrectly addressed letter, I'm satisfied that the £250 compensation Prudential has offered Mrs B for this and the complaint response delay is in line with what I would've otherwise recommended.

I do acknowledge Mrs B's unhappiness that as Prudential no longer holds the paperwork from the original sale, it can't prove the annuity wasn't mis-sold. But I agree with our investigator that as there's no evidence from the time of sale, it's not possible for me to decide whether or not the annuity was mis-sold.

Overall, I don't uphold this complaint. And I don't require Prudential to take any further steps to put things right.

My final decision

For the reasons outlined above, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 23 October 2025.

Jo Occleshaw
Ombudsman