

## **The complaint**

Ms B complains that she was given incorrect information by The Prudential Assurance Company Limited (“Prudential”) about being able to receive her pension benefits early due to ill-health.

## **What happened**

Ms B holds pension savings with Prudential. In July 2025 Ms B got in touch with Prudential to discuss whether she would be able to access her pension benefits given she was unable to work due to ill-health. Although she needed to chase things on a number of occasions, Prudential eventually sent Ms B some forms she could complete to claim ill-health pension benefits.

But Prudential had failed, on a number of occasions, to correctly understand the nature of Ms B’s illness. Although she was being treated for a serious illness, she was expected to recover and return to work. So Ms B wasn’t eligible to take her pension benefits early due to ill-health. Prudential explained to Ms B that she would need to wait until her 55<sup>th</sup> birthday (in December 2025) to take her pension benefits. Ms B complained to Prudential about the incorrect information it had given to her.

Prudential accepted, across several financial response letters, that it hadn’t dealt with Ms B’s queries as well as it would have wanted. And it seems that on at least two occasions the compensation payments it offered to her failed to safely arrive. So in total Prudential offered Ms B £525 for the distress and inconvenience she had been caused, and the costs of her phone calls. But Prudential reiterated that it couldn’t pay Ms B her pension benefits earlier than her 55<sup>th</sup> birthday. Unhappy with those responses Ms B asked us to continue to look at her complaint.

Ms B’s complaint has been assessed by one of our investigators. He thought that Prudential had been correct when it told Ms B she wasn’t able to access her pension benefits. And he thought that the total compensation Prudential had paid to Ms B was fair and reasonable. So he didn’t think the complaint should be upheld.

Ms B didn’t agree with the assessment. She noted that Prudential had failed to pay £50 of the compensation it had offered to her. Prudential corrected that error and paid an additional £25 to Ms B to say sorry. But Ms B still thought she should have been allowed to take her pension benefits earlier following the incorrect information she’d been given by Prudential. 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 Ms B 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.

Taking pension benefits is highly regulated. Pension savings benefit from very favourable tax treatment, and so HMRC sets strict rules on when a pension provider can release any monies. Generally, pension savings cannot be accessed until a consumer reaches 55 years of age. But an exception is made where a consumer is suffering from ill-health. However, in order to benefit from that exception, a consumer must either be permanently unable to work or have a life expectancy of less than 12 months.

It seems that when Ms B discussed her situation with Prudential it failed to make that criteria sufficiently clear to her. So, when the claim paperwork was ultimately sent to Ms B, she was surprised to learn that any inability to work needed to be permanent rather than short term. I can understand why, at a time when she was unable to work and in need of additional income, that information would have been very disappointing for Ms B.

But I am satisfied that Prudential has applied the HMRC regulations correctly. It has no latitude to make assessments of individual need that might result in pension benefits being paid earlier. Instead, it is simply required to follow the regulations HMRC has set out. And, since Ms B didn't meet the ill-health criteria it correctly told her that she couldn't receive her pension benefits until she reached 55 years of age.

It is clear, and Prudential accepts, that it didn't deal with Ms B's initial enquiries as well as it should have. At that time, it should have explained the ill-health criteria to her more clearly so that she wouldn't have had her expectations raised that her circumstances might have allowed her to access her pension benefits. But I don't think that means Ms B had any right to those benefits or that Prudential should have put things right by allowing that payment to be made.

Ms B's pension plan currently shows a selected retirement date of her 60<sup>th</sup> birthday in 2030. But usually that wouldn't prevent any benefits from being taken earlier, as long as the consumer has reached 55 years of age. I am aware that Ms B reaches her 55<sup>th</sup> birthday next month. So I'd encourage her to discuss her situation with Prudential if she still wants to take her pension benefits at that time. I have also seen that Ms B lives overseas. So I'd remind her that the income taxation laws in her country of residence might be different to those in the UK when she ultimately takes her pension benefits. So she might want to discuss her situation with her local tax office as well.

In respect of Ms B's complaint, Prudential has now paid her a total of £550 for the distress and inconvenience she has been caused, both in terms of the way her initial enquiry was handled, and the problems she has faced receiving some of the compensation payments. I've thought about our general approach to compensation of this nature, and about awards I would make in similar circumstances. Having done so I am satisfied that the compensation Prudential has paid to Ms B is fair and reasonable.

I appreciate how disappointing this decision will be for Ms B. But Prudential is required to follow the HMRC regulations when allowing benefits to be taken from pension savings. Whilst Prudential accepts that the information it gave to Ms B wasn't as accurate or comprehensive as it should have been, that doesn't mean she had any entitlement to take her pension benefits at that time.

### **My final decision**

For the reasons given above, I don't uphold the complaint against The Prudential Assurance Company Limited. I think the compensation it has already paid to Ms B is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 10 December 2025.

Paul Reilly  
**Ombudsman**