

complaint

Mrs M has complained about The Prudential Assurance Company Limited. She is unhappy with advice which she says caused her to effectively 'opt-out' of her occupational pension scheme (OPS) in 1990.

background

In May 1989 Ms M was advised to set up a personal pension with Prudential. However, she got a job in May 1990 and was eligible to join the OPS. Mrs M says her adviser knew of her employment plans and ought to have advised her to join the OPS at the earliest opportunity.

In 1992, with the help of her Prudential adviser, Mrs M increased her regular contributions to the personal pension. No advice was provided in relation to Mrs M joining the OPS but she did eventually join the scheme in 1996.

In 2017 Prudential contacted Mrs M as she was almost 55 and could take benefits from her personal pension. This was followed up by an offer of £4,106 from Prudential to compensate her as a result of the failure to advise her to join the OPS in 1992. Mrs M says this came as a surprise to her as the issue hadn't previously been mentioned. She rejected the offer.

An adjudicator looked into the complaint. Mrs M confirmed she was unsure whether the offer Prudential had made was fair.

It was the adjudicator's view that the offer was fair as the evidence suggested the earliest Prudential could have recommended Mrs M join the OPS was at the point the personal pension contributions were increased in 1992. And there wasn't sufficient evidence to suggest the adviser was aware Mrs M might be eligible to join the OPS in 1990.

The adjudicator felt the calculations performed by Prudential for the lost membership of the OPS between 1992 and 1996 appeared correct and so the offer was fair.

Mrs M didn't accept the adjudicator's view.

my findings

I've considered all the evidence and arguments in order to decide what is fair and reasonable in the circumstances of this complaint.

Prudential has identified that it ought to have advised Mrs M to join her OPS in 1992 and contacted her in an attempt to compensate her for the error. However, Mrs M thinks the advice should have been provided sometime before she changed her job in 1990 and so the loss should be calculated from earlier than 1992.

I agree with the adjudicator. I'm not satisfied that Prudential should have advised Mrs M to join the OPS before 1992 when she was advised to top up her personal pension. She was eligible to join the OPS by then.

Mrs M says that she was in regular contact with her adviser between setting up the personal pension and when she started her new job in 1990. However, I am not able to confirm whether Mrs M discussed her change of employment with the adviser. These events took place a long time ago and I don't think that I can safely rely only upon Mrs M's recollection of discussion. There is no documentary evidence to confirm meetings between 1989 and 1992.

The earliest recorded meeting after the 1989 advice was in 1992. It is reasonable to expect that Mrs M's change of employment was (or at least ought to have been) discussed at the 1992 meeting and so I think she ought to have been advised to join the OPS at that point.

Prudential has calculated the loss assuming Mrs M would have joined the OPS in 1992, missing around four years membership up to 1996. Having looked at the detailed calculations provided, they appear to be correct taking into account Mrs M's service, the benefits she'd lost from the OPS and the accrued benefits of the personal pension she'd built up instead.

Prudential has the relevant expertise and resources to carry out such complex calculations. It also has quality controls in place to ensure such calculations are carried out correctly. I'm therefore satisfied that the calculations can be relied upon.

my final decision

I think Prudential's offer is fair and reasonable. So my final decision is that Prudential should augment the pension by £4,106 as it has offered to. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 29 September 2018.

Keith Taylor
ombudsman