

complaint

Ms J complained about The Prudential Assurance Company Limited (Prudential) because her annuity is less than she had expected.

background

Ms J had a personal pension (PP) with Prudential. She went on to buy an annuity from them in 2013. Ms J complained as her monthly annuity payments weren't as high as she'd expected. And the annuity she had taken out with another provider at around the same time was paying more. Ms J thinks she could have done better and wants Prudential to re-pay the whole plan value.

Ms J has gone on to complain that:

- Her annuity may have been mis-sold as Prudential should have been acting in her interests, but she is receiving less than some of her friends who have similar plans.
- Her plan may have been mis-sold because she isn't receiving the annuity she thought she'd get when she first started her pension plan.

The adjudicator didn't uphold the complaint. Ms J asked for an ombudsman to review her complaint.

my findings

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

I know this will disappoint Ms J, but I don't think Prudential have done anything wrong. I understand that she is finding things hard, particularly after some of the changes in the way state pension benefits are paid. But on everything I've seen, Prudential provided Ms J with the appropriate information and did what they should have done.

Ms J's main complaint related to the annuity she bought from Prudential in 2013. In the months and weeks before her selected retirement date in July 2013, Prudential sent Mrs J information on her options. This included the option to buy an annuity from Prudential. But it also included her other options, as well as her right to buy an annuity from a different provider. This is called the open market option. And despite Ms J apparently thinking she had to take her annuity from Prudential, she didn't have to.

I've seen that Ms J contacted Prudential several times before she bought her annuity. In May and June 2013, Prudential say that Ms J asked them to tell her what her best option was on both of these dates. Prudential explained to Mrs J they could not give her advice both times. I've read that Ms J has said more recently that she has been told she could have got a higher annuity if she had gone to a broker. But I haven't seen anything that makes me think Ms J did get financial advice before she chose her pension benefits.

There was nothing stopping Ms J approaching any third party. Some people find this helpful. And I can see that Prudential did bring this to Ms J's attention when she called them in May 2013. I've also seen that Prudential say they gave Ms J the chance in their calls with her to discuss all of her options. But she chose not to do that and only discussed particular options.

I've seen that Ms J thought that Prudential owed her a duty of care and should have been looking after her interests. But their role has been as the provider of her PP and then of her annuity; not as her adviser. So they were not providing her with an investment advice service.

Based on everything I've seen I think Ms J would have known how much she was going to be receiving. She was given information within plenty of time before her selected retirement date to seek any assistance. Or to come back with any questions.

Ms J took some interest in getting information from Prudential and providing written comments, and then confirmation of what she wanted. I also haven't seen anything that makes me think Ms J tried to cancel the annuity within the first month as she would have been entitled to do.

I understand that Ms J feels it's unfair that she is getting £47 a month from her annuity with Prudential. And she is getting £75 a month from her annuity with another provider. I know Ms J finds this frustrating. Particularly as she says she paid about the same in to both plans. But different annuity providers may pay different incomes from identical fund values. That does not mean either must have been mis-sold. There may be different investment performances for different funds, which will mean the final fund available will be different for example. This is why one can't compare plans.

I've seen that Ms J's other plan did have certain guarantees. This was not the position with her Prudential plan. And I haven't seen anything that makes me think Ms J asked any other provider's to give her quotes on an annuity for her Prudential PP before she bought the annuity with Prudential.

I understand that Ms J has gone on to suggest that she may have been mis-sold her original PP with Prudential. As her annuity has not reached the amount she was led to believe it would.

But at the time Ms J started her plan, the financial climate was very different. And the reasonable rates of potential investment growth set by the regulator were much higher. So illustrations provided to Ms J may well have suggested potential higher returns.

At the same time these were illustrations and not guarantees. I don't think it would be reasonable to have expected Prudential to have foreseen the changes that have followed. Including the more recent changes to the way people can take their pension benefits.

More recently Ms J has written to this service saying that she thinks it's very suspicious that she had to invest with Prudential without knowing what the return would be. But it is not possible to predict how investments may grow or not. Particularly over such a long period of time, as was the case with Ms J's PP. So Prudential were not refusing to tell her what the return would be, they just could not know.

Some plans may come with certain guarantees, which can give some degree of comfort. And Ms J would have known the type of fund her PP was invested in. I haven't seen anything that makes me think she had been asking for fund or investment information over the years.

my final decision

I don't uphold Ms J's complaint against The Prudential Assurance Company Limited.

Under our rules, I'm required to ask Ms J to accept or reject my decision before 3 May 2016.

Louise Wilson
ombudsman