

complaint

Mr C complains that The Prudential Assurance Company Limited (Prudential) didn't inform him that he could get an enhanced annuity.

background

Mr C had a personal pension plan with Prudential. In 2001 he used the proceeds (after he'd taken tax free cash) to buy an annuity with Prudential.

In 2016 he complained to Prudential that he hadn't been told that he could get an enhanced annuity.

Prudential didn't uphold Mr C's complaint. It didn't think an enhanced annuity would have been available to him. And it hadn't been made aware of any health issues. Nor had Mr C asked for any further clarification.

Mr C referred his complaint here. One of our adjudicators looked into it but didn't uphold it. Mr C didn't agree with what the adjudicator had said. So the complaint has been referred to me to decide.

my findings

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

Mr C is understandably concerned about whether he got the best annuity he could have done – in particular if he could have got higher income because of health/lifestyle issues.

Mr C's annuity with Prudential was set up in 2001. In September 2001 Mr C started the process and requested information from Prudential. It seems Prudential told Mr C about the open market option (OMO) – that he could choose a different annuity provider who might offer an annuity which paid a higher income.

But from what we've seen Prudential didn't specifically mention that an enhanced (or impaired life) annuity might be available if certain health or lifestyle conditions applied.

It's important not to judge what happened looking at the information that consumers need to be given today. What I need to think about is if Prudential did all that, as the time, it should have done.

In August 2001 the ABI (Association of British Insurers) issued a Statement of Good Practice. It said the provider's summary of the consumer's retirement options should include the OMO and the availability of different types of annuities, including impaired life annuities. Providers had to implement the statement not later than January 2002.

So, as a matter of good industry practice, insurers should have been doing what the statement said fairly soon after it was published in August 2001 – and certainly after January 2002. There may also be some query about how 'impaired life' annuity should have been explained. But I don't think I need to go into that here.

Given the timing in Mr C's case I'm not sure it would be fair to say that the information from Prudential should have mentioned not just the OMO but also impaired life/enhanced annuities.

But, in any event, and like the adjudicator, I can't say Mr C has lost out because he wasn't told about the possibility of an enhanced annuity.

He got a guaranteed basic annuity from Prudential which he would have lost if he'd gone to another provider. The annuity rate worked out at 8.47%. From what we've seen that compared favourably with the rates offered by the then limited number of enhanced annuity providers for someone of Mr C's age who smoked and who bought an annuity on the same basis as he did. I know Mr C's mentioned other medical issues. But I don't think those would have meant Mr C qualified – at the time - for any further enhancement.

my final decision

I don't uphold Mr C's complaint and I don't make any award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 September 2017.

Lesley Stead
ombudsman