

complaint

Mr A has complained he is being denied the option of taking his pension benefits from his Prudential Assurance Company Limited ('Prudential') pension policy as a lump sum. He believes he is eligible to do this under Her Majesty's Revenue and Customs (HMRC) rules in respect of Trivial Commutation.

background

Mr A complained to Prudential because it refused to pay the benefits of his pension under the Trivial Commutation rules. Prudential informed Mr A that because it believes Mr A's total pension entitlement exceeds the HMRC Trivial Commutation limit of £18000 it is not legally entitled to pay the pension as a lump sum. Prudential cited a previous pension policy held in Mr A's name, with another provider and which was held by Mr A until maturity, as the reason for Mr A's overall pension entitlement exceeding HMRC limits.

Mr A took all the benefits from the policy held with another provider in early 2012.

Mr A responded that he did not believe his policy with another provider to be a pension and that he had verbal confirmation from HMRC to this effect. Accordingly, the value of that policy should be excluded in calculating whether Mr A's total pension benefits complied with HMRC limits.

An adjudicator investigated Mr A's complaint and issued his assessment in January 2013.

The adjudicator did not uphold Mr A's complaint. He found that Mr A's policy with another provider was indeed a pension and received confirmation from that provider that the policy should therefore be included when calculating Mr A's total pension benefits.

Mr A did not accept the adjudicator's assessment. He reiterated that the policy with another provider was not a pension and had never been described to him as such. He added that HMRC agreed with his view and that he would procure written confirmation of this from HMRC. However, this service has not received such confirmation from either Mr A or HMRC.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have come to the same conclusion as the adjudicator and for the same reasons.

I understand Mr A's view that his policy with another provider is not a pension. Whilst I recognise that it is not a conventional pension policy (because rather than paying an annuity income it provides a lump sum on maturity instead), it is nonetheless a registered pension scheme as defined in Chapter 2 of Part 4 of the Finance act 2004 and therefore subject to HMRC rules.

Accordingly, its value must be taken into account in calculating Mr A's total pension benefits in respect of HMRC's rules governing Trivial Commutation.

As the combined value of Mr A's pension benefits with another provider and Prudential exceeds HMRC's Trivial Commutation limit of £18000, Prudential acted in accordance with

HMRC rules in denying Mr A the right to take all his benefits from the Prudential policy as a lump sum.

my final decision

I do not uphold this complaint.

Terry Connor
ombudsman