

complaint

Mrs R complains about The Prudential Assurance Company Limited (Prudential). She's concerned she isn't receiving what she's entitled to under her late husband, Mr R's pension policies.

background

In February 2018 Mr R sadly passed away. Following this Mrs R contacted Prudential to claim what she understood her entitlement under her late husband's pensions to be.

Between February and April 2018 Mrs R corresponded with Prudential about what she was entitled to. In some instances Mrs R chased Prudential for an answer to her claim.

Prudential wrote to Mrs R on 11 April 2018. It outlined the basis of the retirement benefits Mr R had chosen and explained where these funds had come from.

Mrs R contacted Prudential with a number of questions about the information it had provided. Specifically, she was concerned with the following:

- the policy and annuity numbers Prudential had provided didn't match up with the paperwork she held for her late husband's pensions. The paperwork she had suggested she was entitled to spousal benefits under all three of Mr R's annuities
- it didn't seem correct that she was only receiving £28.55 from Mr R's policy ending 700 as the paperwork she had said she should be receiving £85.44

Prudential sent its final response to Mrs R's concerns on 31 July 2018. In summary it said:

- it understood Mrs R believed she'd receive a benefit from all three of her late husband's annuities but this wasn't correct
- it enclosed a schedule detailing all the policies Mr R had, explaining where money to fund his annuities had come from as well as any policy number changes
- it understood why Mrs R thought she was entitled to a death benefit under her late husband's Prudential (Corporate) Pension Scheme and another scheme I'll refer to as the "*M D Scheme*", but confirmed this wasn't the case. This was because the death benefit from Mr R's pensions ended when he settled his policies to fund his three annuities
- annuities didn't always provide for a dependent's pension on death. This had to be requested by the policyholder. Mr R hadn't selected annuities that provided for Mrs R upon his death from the non-protected rights parts of his pension funds
- annuity ending 700 included Protected Rights and in line with legislation this part of Mr R's annuity had to provide Mrs R with a spouse's income equal to 50% of the protected rights payment
- annuities ending 890 and 050 had replaced annuities ending 561 and 962 but the terms and conditions hadn't changed, the numbers were replaced because Prudential upgraded its payroll system
- Mr R's annuities were set up correctly in accordance with his instructions
- annuity ending 890 was set up via a financial adviser so if Mrs R had concerns about this she needed to contact them
- it accepted it had caused some confusion regarding who was dealing with Mrs R's queries. This wasn't acceptable so it would pay £25 to cover the calls Mrs R had

made regarding this. It also accepted it had taken too long to respond to Mrs R's complaint

- Mrs R's annuity payment had been made late but it didn't think she'd been impacted financially by this as the overpayment on her late husband's annuity ending 700 couldn't have been recovered before 16 April 2018. Mrs R's annuity payment was made 14 April 2018, but should've been made 1 March 2018
- in recognition of the trouble and upset caused and the time take to set up Mrs R's annuity it was sending her £150

Unhappy with Prudential's response Mrs R referred her complaint to our service. One of our investigators considered the matter and in summary said:

- she agreed Prudential could've provided Mrs R with better customer service and felt the £175 compensation paid for this was fair
- Mr R had three annuities with Prudential, under which Mrs R was the beneficiary of one
- she didn't think Prudential had made an error when it said two of Mr R's annuities had ended when he passed away and explained this was because Mr R hadn't selected spouse's benefits when he purchased these annuities
- she understood Mrs R wanted Prudential to honour the quotes it had provided Mr R with that included spousal benefits but as these weren't chosen by Mr R, Prudential wasn't required to honour these quotes

Mrs R disagreed with our investigator. In summary she said:

- she felt our investigator was simply going along with what Prudential had said
- she didn't think she was receiving what she was entitled to from her late husband's policies
- Mr R would've always made sure she was provided for under his policies so she wanted things to be checked again

As no agreement could be reached the matter was referred to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I'm not intending to require Prudential do anything further. I'll explain why, but before I do, I should emphasise that while I've taken serious note of the correspondence, arguments and comments made by both parties, I have limited my response to what I consider to be the issue central to this complaint. That is to say:

- whether Mrs R is receiving what she's entitled to under her late husband's pensions
- I should firstly say I have real sympathy for Mrs R. It's clear to me she's been through a difficult time. Not only as a result of her husband, Mr R very sadly passing away but also from the time and energy she's put into her dealings with Prudential trying to make sense of Mr R's pensions as well as trying to establish what her entitlement under these is.

Prudential has acknowledged the service it provided Mrs R with regarding this matter could've been better. It has also accepted Mrs R received her first annuity payment later than she should've. For what Mrs R has experienced Prudential has paid her £175

compensation. I think that at a difficult time when Mrs R was already grieving the loss of her husband, the service she received from Prudential would've made things feel even more challenging. And I think it's appropriate she receives compensation to reflect this. After giving it careful consideration, I think the payment of £175 Prudential has already made to Mrs R fairly reflects the trouble and upset caused. So I won't be asking Prudential to do anything further in this respect.

Turning now to the issue I have to decide- whether Mrs R is receiving what she's entitled to under her late husband's pensions.

I'm mindful that Mrs R has genuine concerns Prudential has made a mistake regarding the retirement benefits she's entitled to. And she's worried our investigator has simply gone along with what Prudential has said. I'd like to reassure Mrs R that I've carefully considered all of the available evidence in this case to establish whether any error has been made. Having done so, I haven't seen anything which persuades me that Prudential has made a mistake in working out what Mrs R should be receiving under her late husband's pensions. I'll explain why.

I can appreciate how Mrs R may be under the impression she's entitled to more under her late husband's pensions than Prudential says she is. The majority of the paperwork Mrs R has refers to Mr R's original pension policies before they were used to purchase Mr R's annuities. This paperwork also shows death benefits were a feature of Mr R's original pension funds. But the documentation also makes it clear the benefits Mr R ultimately received would depend on what he opted to do when he took retirement benefits. I note the documentation also said:

"(...) The Transfer Value and Death Benefit (...) are for illustration only- they are not guaranteed (...)."

So to clarify the death benefits outlined in the original policy documentation Mrs R has only applied in the event Mr R passed away before he took benefits from his pension funds. As Mr R passed away after he'd chosen how he took retirement benefits, the death benefits under his original policies ended and any death benefit provision needed to be something Mr R chose himself when he decided how he wanted to take retirement benefits.

Mrs R has submitted Quotations Mr R was sent by Prudential which she feels demonstrates she should be receiving more retirement benefits. While some of these Quotations do refer to the provision of a spouse's benefit after death this isn't something that would be guaranteed unless Mr R specifically selected, applied for and was accepted for. The Quotations were illustrations of how Mr R could choose to take retirement benefits under his policies. They weren't guarantees or confirmation of what Mr R's final choices were.

I can see Prudential has already provided Mrs R with a breakdown of the annuities Mr R chose. Unfortunately Mrs R doesn't appear to have much confidence in this breakdown so I'll outline below what the available evidence shows regarding what Mr R's retirement choices were and on the basis of these choices, what Mrs R is entitled to. I hope this adds further clarity to the information Mrs R has already been provided with.

Pension 1

- Mr R chose and received £4,987.26 in Tax Free Cash (TFC)
- this pension comprised of Protected and Non Protected Rights elements
- the Protected Rights element was used to set up a joint life annuity for Mr R ending reference 700. It provided Mr R with 685.08 annually and entitled Mrs R to £342.60 annually when Mr R passed away
- following Mr R's death Mrs R's entitlement under Mr R's pension was set up and paid under reference ending 701
- with the Non Protected Rights element Mr R chose a single life annuity which paid him £239.28 annually.
- Mr R's selection didn't include any provision for Mrs R when he passed away

Pension 2

- Mr R's pension comprised of Non Protected Rights
- Mr R chose and received £7,350 in TFC
- Mr R selected a single life annuity paying him £103.56 annually under annuity reference ending 890. Mr R's selection didn't include any provision for Mrs R when he passed away
- Mr R received advice from an independent financial adviser regarding the annuity he chose

Pension 3

- Mr R's pension comprised of Non Protected Rights
- Mr R chose and received £2,015.00 in TFC
- Mr R selected a single life annuity paying him £284.16 annually under annuity reference ending 050. Mr R's selection didn't include any provision for Mrs R when he passed away

Based on the available evidence and what I've outlined above I haven't been able to conclude Prudential has made an error and that Mrs R is entitled to more than she's already receiving in retirement benefits under her late husband's pension policies.

Mrs R says Mr R would've always wanted to ensure she was provided for under his pensions when he passed away. While I don't doubt what Mrs R is saying, I must have regard for the fact Prudential's obligation was to set up Mr R's annuities on the basis of what he selected and pay any retirement benefits in line with this. I'm satisfied it did this.

Irrespective of Mr R's selections his annuity reference ending 700 always had to include the provision of a death benefit which provided for Mrs R. This was in accordance with legislation which sets out that in the event a policy holder passes away after they've taken retirement benefits, the Protected Rights element of their pension must continue to provide at half rate (50%) to the policy holder's spouse.

But other than annuity ending 700, there wasn't any other annuity provision which would've automatically included a benefit for Mrs R when Mr R passed away. Mr R needed to choose this provision himself under his two annuities ending 050 and 890. Mr R didn't do this and

that's why following Mr R sadly passing away Prudential has said Mrs R is only entitled to death benefits under annuity ending 700.

Mrs R has my sympathy and understanding. I can see how Mrs R may have become confused about what she was entitled to. There's a lot of paperwork from before and after Mr R took his retirement benefits. And multiple policy and reference numbers arose out of the retirement choices Mr R made. This is in addition to the changes Prudential made to its payroll system. I have no doubt this would've made it challenging for Mrs R to gain a clear sense of what she was entitled to initially.

I understand Mrs R may be disappointed with the conclusions I've reached. I don't doubt her sincerity or strength of feeling in bringing her complaint to this service. But for the reasons I've explained I haven't found anything to suggest Prudential isn't already paying Mrs R what she's entitled to. So I don't think there are reasonable grounds on which I can require Prudential to do any more.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 17 May 2019.

Chillel Williams
ombudsman