

complaint

Mr L complains about The Prudential Assurance Company Limited (Prudential). He has concerns about the wording of some of Prudential's paperwork for one of his annuities.

background

Mr L purchased two annuities with Prudential in 2009 under references ending 410 and 340.

Prudential reviewed the sale of Mr L's annuity ending 410 and paid him compensation. At the time Prudential also provided Mr L with copies of the original paperwork for his annuity. Mr L reviewed the paperwork and became concerned about the wording used on his pension selection form and that a box on his form appeared to have been ticked by someone other than himself. The wording beside the ticked box said:

"A SPOUSE'S PENSION IS NOT REQUIRED

I confirm that I will be single on the date of my retirement and I do not require any pension to be payable to a surviving widow or civil partner after my death. Please send me a quotation for a pension payable for my lifetime only

WHAT TO DO NOW

To enable us to pay your pension, or to provide you with further quotations, please return this form and the Form of Selection to Prudential in the envelope provided"

Mr L contacted Prudential about what he'd discovered and asked for an explanation. Prudential responded to Mr L's concerns and in summary said:

- it was confident it hadn't ticked the box on Mr L's form (for annuity ending 410) indicating he'd be single when he retired. It could only assume this was ticked in error by Mr L when he originally completed his form
- Mr L's annuity ending 410 was set up in accordance with the option he selected at the time. As Mr L's annuity was set up using protected rights funds there was a legal requirement to provide a spouse pension where the policyholder was married when taking benefits. As Mr L was married he wouldn't have been able to take a single life annuity and because of this Prudential hadn't sent him single life annuity quotations
- it accepted there was a discrepancy on Mr L's form between the annuity he'd selected (which included the provision of a spouse pension) and the box that had also been ticked indicating Mr L was single. So it understood why Mr L had asked why he hadn't been provided with single life annuity quotations
- it should've asked Mr L about the discrepancy in his form at the time it received it. And to apologise for any trouble and upset caused it offered £100 compensation

Mr L remained concerned about what had happened and raised a formal complaint. He asked Prudential to consider the matter further.

Prudential later sent Mr L its final response to his complaint. It repeated much of what it had said previously and in summary said:

- for annuity ending 410 the paperwork issued provided a number of options for joint life annuities

- with protected rights there was a requirement, if a person was married when they retired, to choose a joint life annuity. If they were single at retirement, Prudential could provide single life quotations
- annuity ending 410 was set up as a joint life annuity based on the option Mr L selected when he retired. His annuity was being administered as a joint life annuity and benefits were payable to his spouse or civil partner at the date of his death
- the 'spouse's pension not required' tick box allowed a single person to indicate they weren't married, in which case Prudential would provide single life quotations. There was a legitimate reason for this tick box option being included in its form
- the funds used to set up Mr L's annuity ending 340 were non-protected rights, so there were a variety of single and joint life options provided. Because of this there was no need for the 'spouse's pension not required' tick box to be included in the paperwork it provided

Unhappy with Prudential's response Mr L referred his complaint to our service.

One of our investigators considered the matter and in summary said:

- she didn't think it was inappropriate that Prudential included in its pension selection form the option for consumers to notify it if they would be single at retirement and therefore required single life quotations
- as Mr L had selected a joint life annuity she couldn't see any reason why Mr L would've ticked the option for 'spouse's pension not required'
- she didn't consider Prudential had set up Mr L's annuity incorrectly
- she agreed Prudential should've originally queried the discrepancy on Mr L's pension selection form and felt its £100 offer of compensation for this was appropriate
- she didn't think Prudential needed to do anything further

Mr L disagreed with our investigator and in summary said:

- he still didn't understand why the 'spouse's pension not required' tick box was included in his application form if protected rights funds automatically included the provision of a spouse pension
- he still didn't understand why if there appeared to be an error in his application form, that he hadn't been contacted by Prudential to resolve the issue

As no agreement could be reached the matter was passed 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 uphold Mr L's complaint. I'll explain why, but before I do, I should emphasise that while I've taken serious note of the comments made by both parties, I have limited my response to what I consider to be the issues central to this complaint.

It's clear to me from Mr L's submissions to this service that he has genuine concerns about his Prudential annuity ending 410. The original annuity paperwork Prudential provided Mr L with showed he'd selected Option 2:

"A cash sum of £7,916.72 and a pension of £1,197.84 each year, payable monthly in advance for my lifetime.

If I should die and leave a surviving widow or civil partner the pension will reduce by one-half and then be payable for the remaining lifetime of my widow or civil partner”

But the paperwork also indicated Mr L had selected the ‘spouse’s pension not required’ option.

Mr L doesn’t dispute that he selected Option 2 for his annuity but he’s certain he didn’t tick the ‘spouse’s pension not required’ box on the form. Naturally he has concerns about whether his annuity was set up correctly in the first place by Prudential and questions why his form appears to have been altered by someone else.

I completely understand why in the circumstances Mr L is worried, but I’d like to reassure him that having carefully reviewed the matter I haven’t seen anything to suggest his annuity hasn’t been set up on the correct basis and in line with what he has confirmed he originally wanted. Prudential has also provided assurances regarding this.

I have no reason to doubt Mr L when he says he didn’t tick the ‘spouse’s pension not required’ box on his form. Indeed it wouldn’t have made sense for Mr L to tick this box given that he was married at the time his annuity was taken. And as the form said, if Mr L was married, he had to select a joint life annuity- there was no other option. Therefore the ticking of this box by Mr L would’ve been entirely redundant. But I also can’t say with any certainty that Prudential ticked the box on Mr L’s form. Prudential had no reason to do so and indeed it set up Mr L’s annuity on a joint life basis as it was supposed to anyway.

Irrespective of how the box came to be ticked, I think the key issue here is whether Mr L has been materially disadvantaged in any way by the box being ticked in error and by Prudential not querying the discrepancy on Mr L’s form at the time.

As has already been explained, because Mr L was married at the time he took his annuity, he had to select an annuity on a joint life basis. Legislation required this provision at the time. The fact that the ‘spouse’s pension not required’ box on Mr L’s form was ticked wouldn’t have altered this. However based on what Prudential’s form says will happen in the event this box is ticked (i.e. that single life annuity quotes will be sent) I can appreciate why Mr L is confused by this and questions why Prudential didn’t either send him single life quotes or contact him to query the apparent discrepancy in his form.

Given the circumstances I would’ve expected Prudential to have queried with Mr L at the time the way his form had been filled in. It’s unfortunate this didn’t happen. Indeed Prudential accepts this is something it ought to have dealt with earlier. Had it done so, I think Mr L could’ve avoided the trouble and upset Prudential will have caused him while he’s tried to get to the bottom of the matter. In light of this I agree that the £100 compensation Prudential has offered Mr L is appropriate and in line with what I’d expect to see in the circumstances. I’m satisfied this level of award sufficiently recognises what happened. I don’t consider that any further award is warranted because as I’ve explained above, Mr L has been receiving the annuity he’s been entitled to. He hasn’t been materially disadvantaged by Prudential’s oversight regarding his form.

Mr L has questioned why the ‘spouse’s pension not required’ tick box was included in his annuity form in the first place. Especially as he says Prudential already knew he was married at the time he was taking his annuity. I understand the point Mr L is making here, however I don’t consider it unreasonable for the tick box to be included in the form. Prudential’s annuity

forms weren't meant to be specific to Mr L's situation. The forms were broadly generic and intended to cover more than one set of circumstances- this a common feature of most pension provider's retirement benefit forms. As Mr L seems to understand, the fact he was married at the time he chose his annuity meant that he had to select a joint life annuity. This was determined by the rules that underpinned protected rights benefits. But if a consumer was single at the time they were taking retirement benefits he/she would've been able to select a single life annuity. And that's why the 'spouse's pension not required' tick box is included in Prudential's annuity form.

Aside from failing to query the discrepancy in Mr L's form sooner, I haven't been able to conclude Prudential has done anything else wrong in the way Mr L has suggested.

From what Mr L has said in his submissions to this service, I understand his main motivation for raising the concerns he has is his fear that widows and widowers may have lost out on income based on the inclusion of the 'spouse's pension not required' tick box in Prudential's annuity form. I don't doubt Mr L's strength of feeling or sincerity in referring the matter to this service, however as I've explained I haven't found anything to suggest there is anything unusual or unreasonable about the inclusion of the tick box in Prudential's annuity form.

my final decision

My final decision is that I don't uphold Mr L's complaint. I leave it to Mr L to decide whether he would now like to accept The Prudential Assurance Company Limited's offer of £100 compensation for not querying the discrepancy on his annuity paperwork when it should've.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 11 November 2019.

Chillel Bailey
ombudsman