

complaint

Mr C complains (through his representative) that The Prudential Assurance Company Limited reduced the annuity it was paying him because it said it was paying an incorrect amount which was too high. The representative says that Mr C accepted the annuity quote from the business in good faith, and it should continue to make those payments or allow him to take an annuity elsewhere.

When the complaint was made to the business it acknowledged that it had made an error in the quotation in question and paid Mr C £100 for the inconvenience caused. However the business was not prepared to reinstate the higher payment.

background

One of our adjudicators investigated the complaint. He considered that Prudential was entitled to rectify its mistake. He also contacted Mr C's advisers and was informed that the next best annuity quote that it had found from other providers when Mr C was originally arranging his annuity was still less than the corrected payment from Prudential. The adjudicator's view was that Mr C would therefore likely have taken the Prudential annuity in any case, and he did not think that the firm's mistake had caused Mr C a loss. The adjudicator did not recommend that the complaint should succeed.

Mr C's representative, on his behalf, did not accept the adjudicator's findings. She said, in summary, that Mr C's opinion was that a contract was made between him and Prudential and it should adhere to the original figure. She also said that if Mr C had known of the true figure he would have taken his benefits as a lump sum.

The adjudicator responded to say that in his view, given the relatively small difference between the correct and incorrect amounts, he was not persuaded that Mr C would have made a different decision.

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 conclusions as the adjudicator, and largely for the same reasons.

I appreciate that Mr C purchased the annuity from Prudential in good faith, and that he considers Prudential should continue to honour the annuity he arranged. However, whilst I accept that this was Prudential's error, I am satisfied that it was entitled to correct its mistake and reduce the annuity payable.

As explained in the adjudicator's assessment, the other quotations that were obtained when Mr C was arranging the annuity showed amounts that were below the corrected amount payable by Prudential. So, like the adjudicator, it seems likely to me that Mr C would have still opted for the Prudential annuity given it would have been the highest available. And whilst I note that Mr C's representative has said that he would have taken his benefits as a lump sum knowing the correct annuity payable, I have not been persuaded this was more likely than not in the circumstances. Although I accept that Mr C may rely on a limited income, I find it unlikely that the modest difference in the amounts payable would have been material in the decision as to whether to take benefits as a lump sum rather than an annuity.

Prudential made a payment to Mr C of £100 for the distress and inconvenience caused by the matter. Given the overpayment was approximately £40, and in the context of all the circumstances, I am satisfied this was a fair and reasonable settlement.

my final decision

Accordingly, my final decision is that I do not uphold this complaint.

David Ashley
ombudsman