

complaint

Mr W complains that The Prudential Assurance Company Limited delayed setting up his annuity due to its errors and poor administration.

background

Mr W was approaching his retirement age in July 2017 and already had a pension plan with Prudential. On 12 May 2017 Prudential automatically sent out a number of annuity quotations to Mr W as he was nearing his selected retirement age.

After receiving the Prudential quotes Mr W wrote to Prudential on 12 June 2017 requesting four specific annuity quotations with a start date of 1 July 2017. Prudential wrote to Mr W on 19 June 2017 providing examples of what pension income he could obtain based on the four options he requested.

On 26 June 2017 Mr W wrote to Prudential and advised them he had selected the option for a joint life annuity to include 100% spouse's pension with a 10 year guarantee payable monthly in advance. No tax free cash would be required. Prudential provided Mr W with his annuity quote dated 30 June 2017 based on his decision. This quote gave a start date of 1 July, but pointed out this was subject to all the relevant document being received by 14 July.

On 7 July 2017 a telephone conversation was conducted between Mr W and Prudential and a follow up call was made on 11 July 2017.

Following these calls, Prudential received Mr W's Annuity Acceptance Form on 1 August 2017 and discussed risk warnings with him by telephone on 3 August 2017. Mr W's annuity first instalment was set for 11 August 2017.

Prudential accepted it had made an error in using an incorrect date of birth for his wife and offered him £50 compensation. Mr W brought his complaint to this service where it was investigated by one of our adjudicators who did not recommend it be upheld. Mr W expected the annuity to begin on 1 July 2017. The annuity did not start until 11 August 2017 so Mr W's complaint related to an outstanding annuity amount of £1252.55 which he thought would be backdated to 1 July 2017.

Mr W didn't agree with the adjudicator's view. He felt that Prudential hadn't treated him fairly, as he completed all the relevant documentation and accepted a quote that had the information on it. As Mr W didn't accept the adjudicator's view so the complaint 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.

I've looked at the arguments as to whether Prudential should have backdated the start of the annuity to 1 July 2017. The process began on 12 May 2017 when the first set of quotes were sent to Mr W. He replied in writing on 12 June 2017. I note this delayed the matter by one month. Following the letter from Mr W Prudential sent revised quotes on 19 June 2017.

In the letters dated 12 May 2017 and 19 June 2017 from Prudential there is a box on page one of the form which states *"this letter contains information about your pension savings. It's important that you read this letter and consider all your options – then call us on 0345 6402000 to proceed with your request"*.

Mr W first called Prudential on 7 July 2017 to go through his options and the quotes. At this point Mr W raised a complaint about the wrong date of birth for his wife in the quotes and queried why the pension fund had reduced. He asked that the annuity process to be put on hold while this investigation took place. In his complaint to this service he said that Prudential sent him the wrong option in its quote dated 30 June, but I gather this was rectified during the call on 7 July.

Prudential called Mr W back on 11 July 2017 and explained why the fund had reduced and the explanation was accepted by Mr W. Prudential has agreed that Mrs W's date of birth was wrong but this could have been amended by phone at any time in the process. During the call on 11 July 2017 it was a requirement for Prudential to run through the risks of purchasing an annuity. It was during this call that Mr W said he wanted the annuity altered and the 10 year guarantee to be removed.

I recognise Mr W says he wanted his annuity to be paid from 1 July 2017 and this was a pivotal date for him. But Prudential has a process to ensure its customers make an informed decision and there is no misunderstanding as to how they want their pensions to be paid. This takes some time.

The first part was to agree on how the annuity was to be paid. It was not until Mr W had spoken with Prudential on 7 and 11 July 2017 that this was agreed. Prior to that conversation Mr W had previously requested four quotations and they all included a guaranteed element.

The second part of the process is the telephone call, whereby Prudential explains the various risks involved with an annuity and discuss the quotation. This involves how the annuity will be paid and what happens on the death of the annuitant and how this affects the annuity if a spouse's pension has been included within this annuity. This is important as Prudential need to ensure Mr W is in agreement and wants to proceed with this annuity. Mr W went through this part of the process on the telephone. Having done so he submitted his application on 24 July.

A spouse's pension was required, but Mr W was unhappy that an assumed date of birth was used for his wife and not the correct one. I can see that this made a difference to the income payable from his policy but this could have been resolved earlier. In my view Mr W could have contacted Prudential once he had received his quotations as opposed to waiting till the 7 July 2018.

Prudential acknowledged they made errors and agreed it should have checked its records to use his wife's correct date of birth. They awarded Mr W £50 for this oversight. I don't consider this matter made a material difference to the start date of the annuity.

Having listened to the telephone call on 11 July 2017 I agree with the adjudicator that Prudential did not confirm that the annuity would be backdated to 1 July 2017. The adviser explains that it will take three to five weeks to set up the pension. She also mentioned that his plan matured on 1 July and that she presumes he wants set up as soon as possible. Mr W agreed and the matter wasn't further explored.

The annuity started on 11 August 2017 which is one month after the call Mr W had with Prudential on 11 July 2017. This followed receipt of Mr W's application form dated 24 July. There's no evidence to say that Prudential would back date payment of the annuity to 1 July 2017.

So, I can't agree that Mr W was treated unfairly. It would seem that Prudential paid the annuity within the timescale it said it would following receipt of the acceptance documentation. Overall I don't consider its errors made a material contribution to the delay.

my final decision

My final decision is that I do not uphold Mr W's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 July 2018.

Ivor Graham
ombudsman