

complaint

Mrs P complained about the advice she received from The Prudential Assurance Company Limited to take out a Free Standing Additional Voluntary Contribution (FSAVC) plan.

background

In August 1994 Mrs P had met an adviser from the firm who told her that she should take out a FSAVC.

Mrs P has now become aware that she should have started an in-house AVC policy. Mrs P complained to the firm. It didn't uphold her complaint because:

- The option of an in-house AVC was discussed
- The FSAVC met Mrs P's need for *flexibility, investment with Prudential & confidentiality with funding for early retirement*.
- Mrs P was given the required papers.

Mrs P then brought her complaint to this service. An adjudicator upheld her complaint. The firm didn't agree so it has been referred to me.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

At the time the firm made its recommendation, its advisers needed to:

- have regard to the investor's financial position generally and to any rights they may have under an occupational pension scheme; and,
- give the investor all information relevant to his dealings with him.

So the firm's advisor should have

- Pointed out that in-house AVCs were available
- Explained that in-house AVCs were likely to provide better value for money
- Recommended Mrs P to look at the in-house AVC arrangement.

Mrs P's fact find from 1994 whilst difficult to read says:

The relative merits of FSAVCs and AVCs were covered. [Mrs P] chose the FSAVC product because of flexibility ? investment with Prudential and confidentiality with funding for early retirement.

Mrs P's FSAVC shows that Mrs P planned to retire at age 60. This was the age that her employer's scheme allowed her to retire. She also wanted a joint life pension. This was provided under her employer's scheme.

I have not seen anything to suggest Mrs P wanted to retire earlier than she could under her employer's pension scheme.

In my opinion if the adviser had explained that the AVC was cheaper than the FSAVC plan, I think Mrs P would have chosen the in-house AVC option. I haven't seen any reason why Mrs P would want to start a more expensive FSAVC plan.

my final decision

I uphold Mrs P's complaint against The Prudential Assurance Company Limited and it must carry out a FSAVC review on a charges only basis.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs P to accept or reject my decision before 24 August 2015.

Emma Ali-Noor
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