

complaint

Mrs C's complaint is that she is unhappy with The Prudential Assurance Company Limited as her fund value decreased between her receiving the retirement quotations and the annuity.

Mrs C states that she was disadvantaged when her employer's pension scheme was replaced with a stakeholder pension operated by Prudential.

background

Prudential wrote to Mrs C in November 2014 stating that the trustees of her employer's stakeholder pension scheme were winding down the scheme. It said her scheme would move to the Prudential stakeholder pension scheme (SHP). It also said there wouldn't be any changes to the annual management charges or the funds available to her.

In April 2015 Prudential sent Mrs C two annuity quotations one for old scheme and one in respect of the new scheme. Mrs C completed the application forms for both policies in April.

The firm sent her two more quotes in May. They showed that the former scheme's yearly income had reduced but that the new SHP income had increased.

The firm explained that the employer's former scheme and the SHP were the same and Mrs C hadn't been disadvantaged. It said its fund values weren't guaranteed, so the value could go up or down. It paid Mrs C £75 for the poor service it had given her.

An adjudicator looked into the matter and didn't uphold it because:

- the SHP value increased because contributions were still being made into it
- the employer's scheme fund value decreased due to fund performance
- the fund value wasn't guaranteed
- Prudential didn't decide to wind down the employer's scheme, it simply administered the SHP as a replacement of the former scheme
- Mrs C wasn't disadvantaged by the replacement scheme
- Mrs C wasn't disadvantaged by the two policies not merging together
- the process of merging the schemes would have caused a delay in Mrs C receiving her annuity
- the annuity rates used to calculate her annuity were only guaranteed for 14 days and were not the actual figures
- as her annuity was already in payment, it couldn't be changed or cancelled

Mrs C didn't agree as she felt she had been disadvantaged because she wasn't told about the winding up of the employer's SHP scheme or given the chance to transfer her employer's SHP funds.

The firm said it had written to Mrs C in November 2014 telling her that the employer's SHP scheme was being wound up.

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 note that in November 2014 Mrs C was informed that the employer's SHP was being wound up on 31 December 2014 following a decision that would have been taken by the employer and the trustees of the pension scheme. This was not a decision that Mrs C can complain about as it is commercial decision that was taken by the company directors and agreed by the trustees. The charges under each arrangement were the same.

Mrs C has complained that the benefits under the former arrangement fell despite comforting words from Prudential that there was a guarantee. The issue with the guarantee is that only the annuity rate is guaranteed for 14 days and not the actual fund value that is applied to the annuity rate.

The annuity from the former arrangement fell because the value of the fund applied to the guaranteed annuity fell due to falling investment values. The amount of the annuity from the newer second arrangement however increased slightly because additional contributions were paid into it.

I note that Prudential has paid Mrs C £75 for the poor service it had given her.

my final decision

I do not uphold this complaint against The Prudential Assurance Company Limited and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 5 August 2016.

Adrian Hudson
ombudsman