

complaint

Mr and Mrs S complain that The Prudential Assurance Company Limited didn't take into account Mr S' medical condition when they took out an annuity in 2005. They say they've lost out on an enhanced annuity rate as a result.

background

Mr S said he was experiencing high blood pressure before he purchased the annuity in 2005. He told Prudential this when he first contacted it and was told this wouldn't make a difference to the amount they received. Mr S said he thinks they were entitled to an enhanced annuity and is unhappy that Prudential didn't look into this further.

Prudential said it wasn't able to confirm what was discussed during the telephone conversation in 2005. It said it's possible it could've done more to assess Mr S's condition at the time. Because of this, Prudential sent Mr S a medical questionnaire to gather information about the medical conditions he was experiencing when they bought the annuity. Prudential went on to explain that once it received this information, it would consider if they were eligible for enhanced annuity rates in July 2005.

On 3 March 2017 Prudential wrote to Mr and Mrs S to confirm its underwriters assessed his medical questionnaire. Based on the answers he gave, it said no enhancement would have been offered at the time. But Prudential did offer Mr and Mrs S £100 for any inconvenience it caused.

Mr and Mrs S remained unhappy so they brought their complaint to us. An investigator looked into the complaint but he didn't recommend that it be upheld. He said while Prudential had said it was possible it could've done more to assess Mr S's medical condition at the time, it has looked into this now. And as its underwriters confirmed that an enhanced annuity wouldn't have been offered, even if Prudential had looked into it at the time, nothing different would have happened. So he said Prudential didn't need to do anything further.

Mr and Mrs S didn't agree with the investigator's opinion so the case has been passed to me to consider.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In Prudential's final response it said there is evidence to suggest that Mr S made it aware he was experiencing health issues, as the advisor who spoke to Mr S in 2005 said it would send him a medical questionnaire to complete. Mr S says he never received the questionnaire, which I don't dispute. Mr and Mrs S returned all other documentation, so I think it's likely that he would have also completed the medical questionnaire if he had received it.

I've reviewed the Key Features brochure Mr and Mrs S received when they enquired about taking benefits in 2005. It said:

'You can buy a pension annuity with money from a personal or company pension scheme or contract that is approved by the HM Revenue & Customs. You can do this from any company. This is known as using your 'Open Market Option'. It gives you the freedom to select an annuity provider that best meets your personal circumstances. Annuity providers do offer different rates and products and it is very unlikely that one provider can offer the best deal for everyone.'

The Key Features document went on to say:

'If you have a serious illness you may qualify for an 'enhanced' annuity rate'

So while I think Prudential could have done more to assess Mr S's health issues to see if Mr and Mrs S were eligible for enhanced rates, I think they were made aware other options were available. Strictly speaking, it wasn't necessarily just 'serious' health issues that would qualify for an enhancement. But I think Mr S has demonstrated through his complaint that he did wonder if the condition he had could get an enhancement too – as he says he tried to raise this with Prudential at the time. So I think Mr S was aware that enhanced rates may be available for people in his situation. So I don't think it is unreasonable to suggest that Mr and Mrs S could have pursued their options on the open market instead.

However Prudential, in response to this complaint, asked Mr S to complete a medical questionnaire based on his condition before he purchased the annuity. Prudential's underwriters have confirmed that Mr S wouldn't have qualified for enhancement in 2005 if he had been assessed.

On balance I don't think that Prudential assessed Mr S's circumstances correctly at the time. But it has retrospectively assessed his circumstances now. This is what I would have expected it to do. And based on its underwriting criteria at the time, it has confirmed it wouldn't have offered Mr S enhanced rates. Given that Mr and Mrs S don't appear to have lost out financially, I don't think there is anything else I can reasonably ask Prudential to do. And I think the £100 Prudential has offered is fair and reasonable and in line with what I would have asked it to offer after considering the inconvenience Mr and Mrs S experienced.

It should also be noted that Mr S saved for his pension through a different provider which no longer provided annuities itself. I don't know what information this other provider gave Mr and Mrs S. But given everything Prudential has done, I don't think it's likely that Mr and Mrs S lost out even if the other provider could have done more in the way of an explanation.

my final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 4 January 2018.

Jade Rowe
ombudsman