

summary of complaint

The complaint is about problems Mr E experienced with The Prudential Assurance Company Ltd when he requested a retirement illustration on the basis that he would not take any tax-free cash ("TFC") from his pension prior to purchasing an annuity.

background to complaint

Mr E made his original request for a retirement illustration on the basis of no TFC being taken on 24 November 2011.

On 29 November 2011 a quote was produced. However the request was incorrectly recorded for immediate vesting rather than for Mr E's selected retirement date ("SRD") of 1 February 2012.

Mr E accepted annuity option 1C from the quote and an annuity was set up on 19 December 2011. However as this was before Mr E's SRD the annuity was cancelled within the 30 day cancellation period. The pension policy was reinstated in January 2012.

On 15 February 2012 Prudential responded to an earlier complaint about the service that it provided which it rejected. Mr E was not happy with the response.

On 8 March 2012 there is a record of a telephone conversation between Prudential and Mr E in which he requested a quote with all the options. Mr E stated that he had had no contact from Prudential after 15 February 2012.

On 22 March 2012 Mr E states that he received a quotation with a start date of 14 April 2012. This assumed a tax free lump sum and Mr E asked again for a quote with no tax free lump sum. Mr E clearly contacted the Prudential for quotes on the correct basis as it is referred to in their letter dated 13 April 2012.

On 29 March a further letter was sent by Prudential about the original complaint and the letter dated 15 February 2012. Again the Prudential rejected this complaint.

On 11 April 2012 Mr E chased Prudential for his quotes. He stated that he was fed up chasing the quotes that he wanted. He wanted the payments from 2 February 2012.

On 13 April 2012 Mr E actually received a letter apologising for the delay in providing figures on the basis that he wanted. The Prudential apologised for the delay and paid £50 for the distress and inconvenience. It did not provide the figures that he requested but annuity quotes that had a start date of 13 May 2012. The requested illustrations with a start date of 2 February 2012 were not provided and Mr E eventually took benefits on 13 May 2012.

Mr E complained to the Financial Ombudsman Service here his complaint was investigated by one of our adjudicators who reached the opinion that his complaint should succeed. The adjudicator wrote to Prudential explaining the reasons why he had reached this view. In summary the adjudicator explained:

- The telephone notes Prudential provided in relation to Mr E's call on 3 January 2012 confirm that he had asked for a quote with zero TFC.

- The note in relation to the telephone call on 19 January 2012 confirms that Mr E had again requested a quote with zero TFC. However, during this call he was informed that as the annuity set up in December 2011 had not yet been cancelled, Prudential was unable to provide a quote at that time.
- On 20 January 2012 Mr E completed a cancellation form and the annuity which was in payment was cancelled. The pension policy was subsequently reinstated.
- Following this, on 31 January 2012 Mr E contacted Prudential again and asked for further retirement illustration to be sent on the basis of no TFC being taken.
- Retirement illustration 86932315 was issued on 1 February 2012 with a retirement date of the same day. This quotation did not include the option to take zero tax-free cash as Mr E had requested.
- Given that Prudential was able to produce an illustration on 1 February 2012, then it is likely that Prudential would have been able to provide an illustration for the same date but on the basis of zero tax-free cash, as had been requested the day before.
- On 8 March 2012 Mr E chased up his previous, unfulfilled, request for a retirement quotation. A new illustration was issued on 14 March 2012 and had a retirement date of 14 April 2012. However the illustration did not include the option of zero TFC as Mr E had requested.
- Mr E contacted Prudential again on 11 April 2012 at this point a further complaint was logged. This resulted in illustration a further illustration being issued. On receiving this quote Mr E completed the application to take the benefits from annuity 1B on the latest illustration. The annuity was set up on 13 May 2012.
- After receiving the quotation he had requested, Mr E acted promptly in asking for the annuity to be set up. Therefore the adjudicator considered it likely that Mr E would have chosen to take benefits on 1 February 2012, had Prudential provided the illustration on the basis he had asked for on 3rd, 19th and 31st January 2012.
- The request on 31 January 2012 should have made Prudential aware that Mr E wanted an illustration on the basis of zero TFC. The correct quote was not provided until 13 April 2012 (after a further complaint had been made). The adjudicator did not consider this to be reasonable and concluded that the complaint should succeed.

Prudential did not agree with the adjudicator's assessment and it was agreed that the matter should be referred to me. Both parties to the complaint were given the opportunity to make any further points for me to consider.

Prudential responded saying:

- Although it was noted that Mr E had informed Prudential that his intended retirement date was the SRD of 1 February 2012, if this was not made clear verbally when he called, it is Prudential's normal practise to issue immediate vesting quotes one month in advance.
- It is unclear why Mr E signed and returned the acceptance of the quotation issued on 29 November 2011 if he did not want his benefits to start in December 2011. This illustration clearly detailed that benefits were payable from 19 December 2011.

- On 3 January 2012 Mr E asked for illustrations with a specified annuity and TFC and without any TFC. This had been incorrectly recorded as being made on 31 January 2012
- The call note dated 31 January 2012 which the adjudicator referred to was incorrectly recorded and had actually been made on 3 January 2012.
- Mr E contacted Prudential on 8 March 2012 after the annuity was cancelled and requested a standard single life quotation. There is no record that Mr E wanted this to start effective from 1 February 2012, or that this should specifically include an annuity without the payment of TFC.
- Although Mr E had previously requested an illustration without TFC it does not automatically follow that this was his requirement at the time.
- Mr E called again on 22 March 2012 for quotations which included an option with a specified level of income.
- The annuity Mr E selected includes the payment of some TFC.
- Prudential has set Mr E annuity up and has paid interest on the amounts backdated to February 2012. It has also paid a total of £150 for the distress and inconvenience he has experienced. Prudential considers that this is a fair offer.
- Prudential agrees that Mr E originally wanted to take benefits in February 2012 but it considers it surprising that when receiving quotations showing a commencement date in May 2012 that he did not question this.

Mr E also responded with a detailed submission which, in essence, restated his case.

my findings

I have considered all the available evidence and arguments from the outset, in order to decide what is fair and reasonable in the circumstances of this complaint. I have in particular considered the points made by Prudential in response to the adjudicator's assessment. But, having done so, I have come to the same overall conclusions as the adjudicator and for broadly for the same reasons.

I do not propose to reconsider the issues in relation to the annuity that was set up in December 2011. There is no dispute that the annuity did not meet Mr E's requirements and that he was entitled to cancel this within the 30 day cancellation period.

Prudential has said that if Mr E did not specify an intended retirement date then it is standard practise to issue immediate vesting quotations for one month in advance. Whilst I appreciate that this may have resulted in immediate vesting quotes being issued in response to Mr E's requests in November 2011, the telephone notes Prudential has provided indicate that Mr E had, on several occasions, made clear his intention to take benefits in February 2012.

For example the telephone note recorded in relation to Mr E's call on 23 December 2011 states:

“Client kindly went through the whole story with me (he has been through several times) client wanted annuity to commence in February”

I consider therefore that Prudential was aware that Mr E intended to take benefits in February 2012, especially that this was the subject of the complaint that he had made and the reason he cancelled his annuity.

Prudential has also said that the telephone note dated 31 January 2012 which the adjudicator referred to was actually recorded on 3 January 2012. Having given consideration to this, I am not persuaded this is of material relevance or that it automatically follows that the Mr E's complaint should fail as a result.

In the telephone call on 3 January 2012 Mr E confirmed that he wanted a single life annuity with no TFC. As this point the annuity set up in December 2011 was still in payment therefore Prudential was unable to produce the illustration. That said it was still recorded that Mr E had requested a quote on this basis. Furthermore, Prudential's response to Mr E's complaint dated 31 January 2012 confirmed:

“You have received numerous annuity quotations; many of which are duplicates and you have not received the main quotation you asked for. The main one you need is no tax-free cash, annual in arrears with no increase, no guarantee and no spouse's benefit.”

Notwithstanding the discrepancy with the date of the telephone note, I am satisfied that Prudential was aware on 31 January 2012 that Mr E required a retirement illustration with zero TFC. At this date the annuity had been cancelled and the pension reinstated, therefore an illustration on this basis could feasibly have been produced.

The required illustration was not provided and Mr E subsequently contacted Prudential to chase this up. In relation to this Prudential has said:

“Mr E contacted us again on 8 March 2012...

...The call note detailed that Mr E wanted a standard single life quotation. There is no mention that Mr E wanted this to start from 1 February 2012”

I have looked at the note following the call and it is apparent that Mr E had received a letter from Prudential on 15 February 2012 but had not received the quotes that he was after. He was still looking to take his benefits at his planned retirement date of 1 February 2012.

Prudential's letter goes on to say:

“Whilst I agree that Mr E originally wanted to take his benefits from February 2012, it is surprising that when receiving quotations showing a commencement date from May, that he did not question this in any way.”

Similar to the reason as outlined above, I am not persuaded that it would be reasonable to expect Mr E to have questioned this as the retirement illustration to start in May was not produced until 13 April 2012, after the SRD of February 2012 had passed. I consider that Prudential had the opportunity to provide Mr E with the correct retirement illustration to start in February 2012 on the basis that no TFC would be taken.

Had it done so, it is probable that Mr E would have accepted this and the annuity could have been set up with minimum delay. Prudential did not do this and, in consequence, the annuity was not set up until May 2012. As a result Mr E has foregone three months annuity income that he would otherwise have received had the annuity been set up in February 2012.

my decision

I uphold this complaint.

The Prudential Assurance Company Ltd should pay Mr E the value of three months net of tax annuity payments he presently receives.

Prudential has already paid interest, backdated to February 2012, on the annuity payments Mr E would have received. It has also paid £150 compensation for the distress and inconvenience Mr E has experienced. Therefore I do not direct Prudential to pay interest on the annuity payments and I make no further compensatory award.

Adrian Hudson
ombudsman