

## **complaint**

Mr H complains that when he called The Prudential Assurance Company Limited (then trading as Scottish Amicable) in 1995 to make further contributions into his pension he was provided with a new policy which did not have the same guarantees associated with it as his existing one. He says he asked to pay further contributions into his existing policy, and did so on the understanding the guarantees associated with his existing policy would be applied to his additional contributions.

## **background**

In 1984 Mr H opened two pension policies with Scottish Amicable. These both had guaranteed annuity (income) rates associated with them. That meant, at Mr H's retirement, Scottish Amicable guaranteed a minimum rate at which income from the policies would be payable.

Mr H phoned Scottish Amicable in 1995 to ask if he could start making new contributions into his pension. Mr H says Scottish Amicable told him that a separate policy number would need to be set up, but that the payments would go into the same pension that he already had. Mr H then completed an application form for a new policy, and started to pay £48 each month into the new policy.

Mr H noticed from statements provided to him by Prudential that the policy into which his new contributions had been paid did not have the same projected values as the policies taken out in 1984. He couldn't understand why the policies didn't all have values projected on the same basis. Mr H complained to Prudential in January 2018. In its response Prudential explained the terms and conditions including guaranteed annuity rates that Mr H had on his existing policies were not available after 18 January 1987. It said the paperwork it issued in 1995, when Mr H started making new contributions, explained what the potential benefits may be and did not give any guarantees. It also said the terms and conditions did not give any details of, or refer to, a guaranteed annuity rate. It initially said its records also show a financial advisor was involved at the time Mr H asked to start making new contributions. It has since however been confirmed that the advisor was not involved.

One of our adjudicators investigated the complaint and said he did not think it should be upheld. The adjudicator said Mr H had simply given instructions to make new contributions, and had not been given any advice. The adjudicator thought that had Mr H checked the policy documents he would have seen that there were no guaranteed annuity rates built into the new policy. He also noted that Mr H would have had 14 days to cancel, if he wanted to change his mind.

Mr H did not agree with the adjudicator's opinion. He said that he was told by Scottish Amicable in 1995 that he wasn't opening a new policy but extending his existing one.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same conclusion as the adjudicator, for the same reasons.

When Mr H took out his original policies with Scottish Amicable in 1984, it was common for pension providers to offer guaranteed annuity rates on policies of that type. But, as interest rates fell and life expectancies increased, most providers stopped offering such guarantees.

I appreciate that Mr H's recollection is that he asked to make contributions to his existing policies in 1995. But, in practice, that was not an option that was available to Mr H. Scottish Amicable, in common with many other providers, did not offer guaranteed annuity rates on new pension contributions at that time. So if Mr H wanted to pay new contributions to Scottish Amicable, his only option was to take out a new policy to pay those contributions into. And, even if it was not made clear during Mr H's conversation with Scottish Amicable that he would not be making new contributions to his existing policies, I think it was clear from the documents sent to Mr H afterwards that his money was being paid into a new policy. Those documents included an application form for a new policy. I think it was also clear that this policy did not have the same features as the existing ones. None of the documents refer to a guaranteed annuity rate.

The original policies Mr H took out will have a comparatively higher cash value than the policy he took out in 1995, due to the value of the guaranteed annuity rate associated with those original policies. The guaranteed rate will be higher than the annuity rates currently available. I can appreciate Mr H will be disappointed that the policy he took out later does not benefit from the guarantees associated with his original policies. But I have not seen any evidence to show that Prudential has not provided Mr H with the policy he applied for in 1995. I think the difference in values between the policies is down to the different features associated with the policies Mr H applied for, rather than any mistake by Prudential.

#### **my final decision**

For the reasons given, I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 January 2019.

John Pattinson  
**ombudsman**