



complaint

Mrs C complains that The Prudential Assurance Company Limited ('Prudential') provided incorrect valuations for her pension fund. As a result, she says that she decided to postpone taking benefits from another pension fund invested with a different business that has since fallen in value.

Mrs C's husband is representing her in making the complaint.

background

One of our adjudicators investigated this complaint. He sent his assessment of it to Mr C in September 2012. The background and circumstances to the complaint were set out in that assessment. The adjudicator did not recommend that the complaint should be upheld. In summary, he said that prior to the error taking place Mrs C would likely have been aware that the value of the fund was approximately £16,000. He therefore considered it unlikely that Mrs C could have reasonably accepted that the pension had increased from approximately £16,000 to over £46,000 in such a short period of time. The adjudicator considered that Mrs C ought to have queried why the value was so different.

Mr C, on behalf of Mrs C, did not agree with the adjudicator's findings. In summary, he said that:

- He did not feel it was reasonable to accept that because Prudential had letters on file it proved that they were sent. Several letters were not received from Prudential and they had raised the issue with it at the time. However Prudential was unable to provide an explanation as to why, and he considered that it was reasonable to assume that there were issues with Prudential's postal system.
- He queried why he would have said that he had not received an up to date valuation in the telephone conversation with the firm's representative, if he had received them.
- Neither he nor his wife were pension experts. They had not denied receiving the valuation in February 2011, but they thought the increase in value was due to the ill health enhanced annuity been granted. They did not know at the time that the enhanced annuity did not increase the value of the fund but rather increased the annuity figure. This was not explained to them by the firm's representative.
- In the telephone conversation the representative did not inform Mr C that the value included other pension funds. Further, had she explained that the figure quoted was inputted on the system by another advising firm, they would have known that she was not talking solely about the Prudential policy.

Prudential did not add anything further.

my findings

I have considered all the evidence and arguments that have been provided from the outset in order to decide what is fair and reasonable in the circumstances of this complaint. Having

done so, I have come to the same conclusions as the adjudicator, and largely for the same reasons.

On the one hand, Mr and Mrs C have said that they did not receive several pieces of correspondence from Prudential including some of the lower quotations. On the other, Prudential's records indicate that they were sent. Ordinarily, on the balance of probabilities, it would be likely that at least one of the quotations sent in May and July would have been delivered. However, I note that Mr C mentioned that they were not receiving some of Prudential's correspondence in his telephone call with it in June 2011, before he had any cause for complaint. So I am satisfied that it was likely that at least some of the correspondence was not received.

However it is not in dispute that the quotation sent in February 2011 was received, and this provided the estimated policy value at retirement as approximately £15,500. It appears that retirement was something that Mrs C was actively considering, it was not something that was at the back of her mind. So it seems highly likely to me that she would have taken notice of the value of the quotation provided.

Accordingly, like the adjudicator, I am satisfied that when a significantly higher value for the fund was given in the telephone conversation with the firm in June 2011, at least one of Mr or Mrs C ought to reasonably have been alerted that there could be a mistake and asked for further clarification.

Clearly, I understand that Mr and Mrs C are not pension experts and the matter could have been clouded because of the enhanced annuity. But the value was *substantially* higher than that previously provided, and for the reasons outlined above, I consider the earlier value would have been something that Mrs C would have taken notice of – it was not something that was incidental to her decision making.

Having listened to the telephone call with the firm's representative in June 2011, I note that Mr C said:

Can I just ask, how does the enhanced annuity work does the pension fund value stay the same but the annual pension increases, is that what happens?

The representative responded:

Errm - yes – so it doesn't increase the fund value per se, what what it..basically its like a line of code that goes into our computer system, into the quote system that will, you know, amend the annuity rates that we use to calculate the income it doesn't affect the value of the fund or, you know, the lump sum at all, so the lump sum is still up to 25% of the pension pot, which is paid obviously tax free, but the income can be increased with the enhancement added on there...

So I am satisfied that Mr C would likely have been alerted that the fund value would not increase because of the enhanced annuity. And, although I accept that the incorrect information was provided by Prudential, I am satisfied, in the circumstances and on balance, that the value ought to have raised suspicions and that Mrs C ought to have clarified the matter if her decisions were dependent on the value of the plan.

Therefore, although I accept that Prudential provided incorrect information when it provided the higher fund value, I am not persuaded that it was reasonable for Mrs C to accept that

value and rely on it in the particular circumstances of this case. I am not therefore persuaded that Prudential is responsible for the losses that Mrs C has claimed.

my final decision

My final decision is that I do not uphold this complaint.

David Ashley
ombudsman