

complaint

Mr C complains that The Prudential Assurance Company Limited didn't accept an additional payment of £10,000 to his pension. Mr C wants Prudential to accept the contribution, back-dating the appropriate fund with the payment, pay a tax-bill and pay compensation.

background

Mr C has a number of ex-Scottish Amicable Flexipension policies with Prudential. Mr C has been paying a gross premium of £1,000 every year since 1991. In 2017, Prudential, as it normally does, sent Mr C an annual renewal reminder. Mr C returned the annual renewal cheque for the net payment of £800. Mr C also sent a cheque for £10,000 which he intended as a single contribution payment. Prudential returned the cheque and says that it won't accept single contribution payments to this policy. Mr C says that he should be able to make this payment.

Prudential accepts that when it originally corresponded with Mr C it gave him incorrect information about why it couldn't accept his payment saying that it was due to the Retail Distribution Review. It accepted this was incorrect. It couldn't accept this payment as it had closed his Flexipension policies to new business. It offered Mr C £150 compensation for this poor service. Our investigator accepted that under the policy conditions which applied to these policies, it could refuse to accept this single contribution. But she felt that Prudential had also failed Mr C as it hadn't contacted him straightaway to say that it was refusing the payment so that he lost the opportunity to invest elsewhere. Our investigator suggested that Prudential increase the compensation to £300.

Mr C asked for a review saying that he had been deprived of an opportunity to invest his money before the end of the tax year and believes that his existing policy should be left open so that he can make this investment without paying for an independent financial adviser. Prudential also disagreed with our investigator's view.

my findings

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

Prudential advise me that Mr C has three personal pension policies with them:

1. Flexipension series 4 which commenced on 6 February 1989 for a single premium of £1,750.
2. Flexipension series 6 which commenced on 19 February 1991 for an annual premium of £1,000.
3. Flexipension series 7 which commenced on 24 March 1995 for a single payment of £5,000.

Prudential closed series 4 to new business in June 1990; it closed series 6 to new business in 1991 and series 7 to new business in 1995. Prudential continued to accept Mr C's annual renewal contributions of £1,000 (net £800) to Flexipension series 6 as the policy was based on Mr C's ability to make these annual contributions for a period of 23 years. However, as it had closed Mr C's existing policies to new business, it couldn't allocate Mr C's payment of

£10,000 to one of his existing policies. Prudential says that Mr C can top-up his contributions to his Prudential personal pension through the Flexible Retirement Plan product but must first take advice before doing so.

It seems that for a long period of time, Prudential and its predecessor have opened and closed these policies. On one of these policies Mr C has been paying annual premiums of the same amount each year. But I note that since 1995, Mr C hasn't made and Prudential hasn't accepted any single contributions. Mr C appears to have decided in 2017 to make such a single contribution of £10,000. Mr C sent Prudential a cheque for £10,000 but didn't send in any correspondence identifying what the £10,000 was for. Prudential put the money in a suspense account and returned it to Mr C's bank in May 2016 although it didn't correspond with Mr C at that time to say it had done so.

Although, there were no instructions accompanying the cheque, it seems to have been an attempt by Mr C to make a single contribution to one of his Flexpension policies. Prudential says that whilst it will continue to accept Mr C's annual premiums, it will not accept single contributions or what it terms non-contractual payments. I've looked at the basis on which Prudential can do this and it has referred to a term in their policies which it says allows it to do so. Prudential further says that it was a commercial decision to close the existing products to new business and open new versions which it says are better suited to the market.

Mr C hasn't made a single premium payment since 1995, but wanted to do so in 2017. I would have thought that Mr C should have enquired before he sent the payment in whether he could do so, as he hadn't made such a payment for 20 years. I also believe it is reasonable for Prudential to open and close products to customers for commercial reasons and it appears to have retained its ability to do so within its policy conditions. Given the passage of time since Mr C last made a single contribution, I can't say that Mr C should have had a reasonable expectation that Prudential would accept such a payment if he made it. So, I don't believe that Prudential has done anything wrong by refusing to accept the payment.

The other issue I have looked at is what compensation Mr C should get for Prudential's service failures. Prudential accepts that it didn't give Mr C the full picture when it first wrote to him as to why it couldn't accept his payment. It then wrote to him in February 2017 giving Mr C full details of the reasons it closed the policies and the policy conditions it relied on to do so.

Our investigator also thought that Mr C should be compensated for the failure by Prudential to correspond with Mr C when it returned his £10,000 to his bank. The original cheque is dated 5 April 2016. When Mr C sent in the cheque for £10,000 he didn't identify for what purpose it was intended. Prudential held it for a period and returned it by a cheque to Mr C's bank. That cheque is dated 25 May 2016. For some reason Prudential didn't tell Mr C that it had done so until November after Mr C enquired about it.

I believe that Prudential should have, as a matter of good customer service, alerted Mr C to the fact that it was returning this quite large sum of money to his account at the time that it did so. I note that in its letter to us of 30 January 2018 Prudential agrees that it should have told Mr C that it returned this money. But I also believe that Mr C should have been aware before November, by simply looking at his bank account, that this money had been returned.

So whilst I accept that there should be some compensation for Mr C's disappointment with this, I don't accept that it prevented Mr C making alternative investments within a reasonable

period with this money. But I agree with our investigator that £300 is more appropriate compensation for the disappointment, trouble and upset experienced by Mr C as a result of all this and I shall make an award in those terms.

my decision

My decision is that I uphold this complaint and order The Prudential Assurance Company Limited to pay Mr C £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 May 2018.

Gerard McManus
ombudsman