

## **complaint**

Mr C complains that The Prudential Assurance Company Limited (Prudential) told him that his wife would receive his full pension if he died before her. Mr C says he recently found out that his wife will only receive 25% of his pension.

Mr C is represented in this matter by Mrs C.

## **background**

Mr C spoke to Prudential about arranging an annuity in December 2007. An annuity was set up in January 2008.

Unfortunately, Prudential has not been able to provide a record of its phone conversation with Mr C in December 2007. However, it has said that the member of staff Mr C spoke to wouldn't have given Mr C advice on what to do with his pension pot, as it wasn't authorised to give investment advice. Its staff would have been able to give Mr C information on the annuity options Prudential offered and arrange a quotation for Mr C.

The first page of the quotation sent to Mr C in late 2007 set out the 'Dependant's pension' that would be paid, if Mr C died first. Later in the quotation, under the heading; *'What happens when I die'* it set out the dependant's income Mr C had chosen for both his non Protected Rights pension and his Protected Rights pension. The quotation explained that Prudential would pay the dependant's income to Mr C's named dependant when he died, provided that the dependant (Mrs C) was still living.

The quotation noted that Mr C should *'read this document carefully together with your 'Key Features of the Prudential With-Profits Pension Annuity' and "Your With-Profits Plan - a guide to how we manage the Fund', so that you understand what you are buying and keep it safe for future reference.'*

Under the heading *'What if I have any questions'* it provided a contact number for Mr C to call.

Mr C says he thought he had arranged his annuity so that if anything happened to him, his wife would get his full pension. However, he says he recently found out that his wife will only get 25% of his pension. Mrs C then complained to Prudential on Mr C's behalf.

Prudential said it didn't think it had done anything wrong. It explained that the income Mr C receives from his annuity is worked out based on the choices he made when he took out the annuity. It said that opting to leave a low benefit of 25% to Mrs C after his death increases the payments Mr C currently receives.

Mr C was not satisfied with Prudential's response and brought his complaint to this service.

Our investigator did not recommend that Mr C's complaint should be upheld. She noted that the quotation provided to Mr C in late 2007 set out the how much Mrs C would receive from his pension if he died before her. She said that if Mr C had not been happy with the size of the pension Mrs C would receive he could have chosen not to go ahead with the annuity.

Mrs C did not accept our investigator's view. She said the size of pension she would receive if Mr C died before her was *'...not explained to my husband fully when he made*

*arrangements to take his annuity. When I spoke to a member of Prudential a few weeks ago with my concern, she said my husband should have been passed onto a different department at the time to give advice on the matter.'*

**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 come to the same view as our investigator and for much the same reasons. I'll explain why.

In late 2007 Prudential sent Mr C a quotation. I have attached a screen shot from the first page of the quotation.

**YOUR WITH-PROFITS PENSION ANNUITY SUMMARY**

| Total yearly starting income | Total tax-free cash to be paid by us | Dependant's total yearly income | Anticipated Bonus Rate (ABR) | Guaranteed payment period | How we will pay your annuity |
|------------------------------|--------------------------------------|---------------------------------|------------------------------|---------------------------|------------------------------|
| £5,666.52                    | £8,000.00                            | £1571.43                        | Non Protected Rights 5.00%   | None                      | Monthly                      |
|                              |                                      |                                 | Protected Rights 0.00%       | None                      | in Arrears                   |

Your annuity will start on 4 January 2008. Any tax-free cash will also be paid from your annuity start date.

As you have selected an annuity option payable in arrears, the first income payment will be made one month after the start date.

I am satisfied that this quotation clearly set out that the 'Dependant's total yearly income' was £1,571.43. This is 25% of the 'total yearly starting income' on the quote.

The quotation also explained how the dependant's pension had been calculated. It explained that £1,261.83 of the total was based on Mr C's starting non Protected Rights income and the additional £309.60 was based on Mr C's starting Protected Rights income.(£1,261.83 + £309.60 = £1,571.43)

I appreciate that Mr C says he was told Mrs C would receive his full pension if he died before her, but I think the quotation clearly set out that Mrs C would receive a much smaller income from Mr C's pension if he died before her.

The quotation also set out on the first page:

*You should read this document carefully together with your 'Key Features of the Prudential With-Profits Pension Annuity" and "Your With-Profits Plan - a guide to how we manage the Fund', so that you understand what you are buying and keep it safe for future reference.*

Mrs C says that Prudential didn't fully explain the annuity to Mr C when it was arranged. Having carefully considered all the information that was provided to Mr C when he set up this annuity, I am satisfied that the pension Mrs C would receive, if Mr C died before her, was clearly set out. If Mr C had any queries or felt he did not fully understand the quote he was

free to have raised his concerns with Prudential at the time and was not under any obligation to go ahead.

Mrs C has also said that she was recently told by Prudential that Mr C '*...should have been passed onto a different department at the time to give advice on the matter.*'

Again, I must take into account that the quote clearly set out that if Mr C had any questions he could contact Prudential and a phone number was provided.

As Prudential explained to Mr C, by choosing a lower spouse's pension Mr C has received a higher pension that he would have done if he had opted for a larger spouse's pension. So, it is not the case that Prudential benefitted by arranging a pension for Mr C with a 25% spouses pension.

Although I am sympathetic to Mr C's position I don't think Prudential did anything wrong when it set up this annuity. As this is the case I cannot uphold this complaint.

### **my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 January 2018.

Suzannah Stuart  
**ombudsman**