

## **complaint**

Mr P has complained that The Prudential Assurance Company Limited ("Prudential") misrepresented the annuity policy he purchased. Following his later understanding of how annuities work, he attempted to cancel the plan. Mr P says Prudential did not act on the cancellation notices he sent them.

## **background**

In April 2014, Mr P called Prudential, made a request for pension income quotes. He completed an application for an annuity in June 2014, with a 30 day 'cooling off period'. Prudential subsequently wrote to Mr P to confirm his annuity had been finalised; he would receive a tax free cash lump sum of £6,204.80 and then monthly annuity payments.

In December 2014, Mr P complained to Prudential saying that he had submitted several letters asking for the annuity policy to be cancelled. This included several cancellation forms which he asserts were submitted within the 30 days 'cooling off' period. He also told Prudential he selected the annuity without fully understanding the financial implications.

Prudential did not uphold Mr P's complaint. They said Mr P had 30 days following the setting up of his annuity to change his mind but no cancellation form was received by them. Mr P also had an option to request a Payment of Fund, instead of purchasing an annuity, but did not select this option. Prudential added that as Mr P has been receiving annuity income for 6 months at the time he complained, Prudential cannot cancel the contract.

One of our adjudicators investigated the complaint. She did not recommend it be upheld. Her view was that Mr P was facing financial difficulty at the time the annuity was set up and so it is likely that he would have arranged the policy with the understanding that it gave him access to the tax-free cash lump sum.

The adjudicator noted that in June 2014 Prudential wrote to Mr P informing him that the annuity had been finalised. Mr P subsequently requested that his tax free cash lump sum and annuity income should be paid into his bank account.

The adjudicator considered that if Mr P had no longer wished to continue with the annuity he could at that point have made Prudential aware that he had submitted a cancellation form. This would have been within the 'cooling off' period. However, Mr P continued to accept monthly annuity payments until he raised his complaint with Prudential in December 2014.

The adjudicator was not given any persuasive evidence to show that Mr P made enquires about the monthly payments prior to raising the complaint.

Mr P expressed dissatisfaction with the value of the annuity income; however, the adjudicator considered that Prudential had properly informed Mr P of his options prior to purchasing the annuity; he was also given the opportunity to investigate the open market to see if he could secure a better annuity rate from another provider.

Mr P did not agree with the adjudicator's assessment but has made no new submissions for me to consider in reaching my decision. Prudential had nothing further to add.

## my findings

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

Mr P is unhappy that Prudential implemented the annuity policy even though he insists he submitted cancellation forms within the prescribed 30 days 'cooling off' period. He says that he had only limited understanding of what he was signing when the policy was arranged.

Between May and June 2014, Mr P requested several annuity quotes from Prudential. He accepted the offer sent out with the 02 June 2014 quote and returned the completed form to Prudential. Prudential sent Mr P a letter on 25 June 2014 informing him that the policy had been finalised.

In Mr P's submission he says that it was only around the 10 June 2014 that he understood the policy and decided he no longer wanted to proceed; he therefore submitted several cancellation forms in relation to each quote he received between May and June 2014 but including the relevant cancellation form for the policy he actually took out.

I do not doubt the sincerity with which Mr P says he sent cancellation forms to Prudential. However, this is not to say that Prudential *received* the forms. There may, for example, have been a failure by Royal Mail to deliver these forms although it is unusual that they apparently failed to deliver forms on three separate occasions. In these circumstances, it would be neither fair nor reasonable to hold Prudential to account for a service failure by a third party.

In any event, Mr P continued to receive annuity payments for six months. Mr P has not said that he was unaware of these payments. In my opinion, it would have been reasonable for Mr P to have contacted Prudential on receiving any of these monthly payments to question why he was receiving payments in respect of an annuity he thought had been cancelled. Mr P has acknowledged he did not do this until December 2014, some six months after the annuity payments commenced.

I have noted that the cancellation notice that Mr P says he sent to Prudential was signed and dated by Mr P on the 10 June 2014; however, the call Mr P made to Prudential to confirm his bank details for the annuity payments was made on the 20 June 2014. Mr P made no mention in this call of his wish to cancel the annuity and nor have I seen evidence to show that he enquired during this call if Prudential had received the cancellation form dated 10 June 2014.

In my opinion, if Mr P wanted to cancel his policy then he had the opportunity to do so in the call on 20 June to Prudential; given that Mr P says that by the time he made this call he had already sent Prudential a cancellation notice, it is surprising that he rang Prudential apparently only to confirm the bank details into which his annuity payments should be made. I agree with the adjudicator that once an annuity has been arranged it is not normally possible to cancel. It is a binding contract between the annuitant and the annuity provider. There are also complexities in respect of Her Majesty's Revenue and Customs in cancelling annuity contracts. I am satisfied that the irreversible nature of the annuity contract was properly explained in the Key Features document provided with Mr P's annuity pack.

For the reasons set out above I have concluded that it would be neither fair or reasonable to direct Prudential to cancel Mr P's annuity. Prudential have acted within the terms of their contract with Mr P and have administered Mr P's annuity in accordance with his instructions.

**my final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr P to accept or reject my decision before 5 June 2015.

Terry Connor  
**ombudsman**