

complaint

Mrs B's complaint is about the late Mr B's pension policy, which he held with Prudential Assurance Company Limited. She says she was assured by Mr B (her late husband) that she would be entitled to receive income from the policy for a period following his death. However, after Mr B passed away The Prudential Assurance Company Limited Prudential said no income was payable to her. Mrs B considers that the policy must have been mis-sold to her late husband, as he would not have agreed to it if it did not provide her with an income in the event of his death.

background

Mr B took benefits from his policy in 2001 by buying an annuity, and he received an annual income from it thereafter. He passed away in 2013, and Prudential ceased paying income. Mrs B complained to Prudential, saying her late husband had been assured she would receive income for three years after his death. Prudential rejected the complaint – it said Mr B had applied for a single life annuity, guaranteed for ten years, and as he had lived longer than the guarantee period no further income was payable.

Our adjudicator wrote to Mrs B on 27 January 2014 setting out her reasons for not upholding the complaint. In summary, she said:

- An annuity guarantee period works by providing a guaranteed period (usually five or ten years) over which the annuity would be paid, even if the annuitant dies. But once the guarantee period ends, the annuity will cease if the annuitant dies.
- When Mr B's policy had been set up he opted for single life annuity with a 10 year guarantee. This was evidenced by the copy of the original application form supplied by Prudential. There had been no available option through which annuity payments would have been paid for a period of three years following his death.
- Mr B may have not have fully understood the terms of the policy, but there was no evidence to indicate that he was led to believe that the annuity would be payable for three years in the event of his death.
- Under the terms of the policy, Mrs B was never entitled to receive any benefits from her late husband's policy, after the expiry of the 10 year guarantee period.

Mrs B did not agree with the adjudicator, she said that Mr B had been adamant that he had been told that the annuity would be payable for three years following his death.

The adjudicator considered this, and asked Prudential to confirm whether it had given advice to Mr B in relation to the annuity. Prudential confirmed that it had not given advice – it said it did not have advisers in 2001 when the annuity was set up. The adjudicator told Mrs B this, but she still did not agree with the adjudicator's view of her complaint.

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, for similar reasons.

I appreciate that Mr B may have misunderstood the basis on which the annuity was payable, but it does not necessarily follow from this that Prudential can reasonably be held responsible for Mrs B not receiving the income she expected.

I have not seen sufficient evidence to conclude that Prudential gave advice to Mr B in relation to the benefits payable from his policy. It has confirmed that it did not have advisors at the time Mr B took his benefits, so would not have been able to offer advice, and I have not seen anything in the correspondence sent to Mr B at the time that suggests any particular annuity payment option was recommended as being suitable for him.

The available evidence shows that Mr B was given a range of annuity payment options as he approached his retirement age, and was asked to choose which one he required. In the event, Mr B chose to take the annuity on a single life basis, payable for *“10 years certain, and throughout your lifetime thereafter”*. There was no option which provided Mrs B with income for three years following Mr B’s death and in my view the documentation Mr B was provided with detailed the options that were available clearly.

Therefore, like the adjudicator, I do not consider there is sufficient evidence to conclude that Prudential led Mr B to believe that income would be paid to Mrs B for three years following his death, or advised him that the option he chose would ensure an income was paid to Mrs B.

So, whilst I am sorry to hear of Mrs B’s circumstances, and understand how upsetting it must be for her not to receive the income she was expecting, there is no reasonable basis on which I can ask Prudential to pay her income. Prudential has paid income on the basis it agreed to and, after the ten year period expired, its obligations ended after Mr B passed away.

my final decision

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

John Pattinson
ombudsman