

complaint

This complaint is about the investment performance of Mr A's pension policy with The Prudential Assurance Company Limited ('Prudential').

Mr A is concerned his later maturing pension policy ('policy 2') is estimated to produce significantly less income than a policy ('policy 1') that previously matured, even though he paid less contributions into policy 1.

background

One of our adjudicators investigated this complaint. He wrote to Mr A on 18 April 2013 concluding that the complaint should not be upheld. The adjudicator said that were several reasons why the benefits from the pension policies differ. These included:

- The premiums paid into policy 1 provided a guaranteed basic annuity plus additional bonuses. This guarantee provided a minimum pension income regardless of the performance of the policy.
- Policy 1 was set up approximately 12 years prior to policy 2. This meant that policy 1 received 12 years of premiums and investment growth prior to policy 2 being set up. In addition, investment returns during this period was particularly high and much greater than has been achieved more recently.
- The adjudicator said that whilst Mr A may have paid more into policy 2 more recently, over the course of the policies life, it appears that policy 1 received a greater amount of premiums.
- The policies are invested differently and provide different returns that are dependent on the funds invested in.
- He was not satisfied that there is any evidence of Prudential showing incompetence or acting negligently with regard to the fund management of his policy.

Mr A responded to the adjudicator's assessment and raised the following questions:

- Why had the adjudicator considered that there was no evidence that Prudential had not been negligent or incompetent?
- He asked why Prudential sold this type of pension policy (policy 2) that needed a higher fund value to provide an equivalent pension compared to the other policy (policy 1), which he already held.
- He queried why this type of policy (policy 2) would need a much higher fund value to provide an equivalent pension?

The adjudicator responded reiterating his view and also made additional comments. In summary, he said:

- He was unable to consider why Prudential sold the pension plans, as a complaint regarding the sale of the policy had not been raised to the business. Mr A would have to do so before our service could investigate any dispute regarding the sale.

- Policy 1, which benefited from the guaranteed basic annuity, was set up at a time when it was not anticipated that investment returns or annuity rates would decrease so significantly. The return that Mr A has received from the policy is likely to have been much greater than any guarantee which is currently available and because of this, policy 2 would have to have a much higher fund value to provide a similar return.

Mr A was not satisfied with this response and requested that his complaint be reviewed by an ombudsman. Mr A said that even though they are different types of policies that is not evidence in itself that Prudential has acted in a proper manner.

Further, Mr A has latterly highlighted difficulties in obtaining benefits from Prudential and that he has been quoted lower annuity income amounts than previously. The adjudicator explained that this may be because quotations are not guaranteed and are dependent on factors such as annuity rates which can fluctuate.

Prudential did not add anything further.

my findings

I have carefully considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I would like to firstly address Mr A's concerns that he has raised latterly with regard to difficulties he has had in obtaining benefits and the annuity income quotes from Prudential.

I am unable to consider the merits of Mr A's latter complaint as to the best of my knowledge it has not been formally referred by Mr A to Prudential for consideration through their normal complaints procedure.

I have only considered here Mr A's original complaint about whether Prudential has acted incorrectly in respect of the management of his pension policy.

Having done so, I do not consider that Prudential has acted incorrectly. Whilst I appreciate that Mr A is unhappy that policy 2 will provide a lower return than policy 1, I have no reason to believe that Prudential has acted negligently or shown incompetence in regard to the management of the fund.

For the reasons the adjudicator has explained, Mr A's policies provide different returns. I have considered Mr A's point that saying that they are different policies is not evidence in itself that Prudential has acted in a proper manner. Although this may be the case, I have likewise not been provided any evidence that shows it hasn't acted in a proper manner. I have only been shown that the two policies have provided a different return, which does not prove that Prudential has acted incorrectly.

Whilst I do not doubt the sincerity with which Mr A makes his assertions, I have not been provided with any evidence to support these; it would be neither fair nor reasonable to uphold this complaint on the basis of unsubstantiated assertions.

my final decision

I do not uphold Mr A's complaint against The Prudential Assurance Company Limited.

Terry Connor
ombudsman