

complaint

Mr D has complained that The Prudential Assurance Company Limited (Prudential) prevented him from transferring his pension to another provider in 2010 when he reached his 75th birthday. As a result Mr D said he's been financially disadvantaged because he is now receiving a much lower annuity than offered by the other provider.

Mr D has also complained that Prudential is refusing to honour an annuity illustration that was accepted by him in February 2016.

background

Mr D's pension policy started with M&G Life in 1971. This company was later purchased by Prudential.

Mr D said he approached another provider in 2010 to transfer his pension from Prudential. However the pension transfer was not completed. Mr D said he was told by the other provider that Prudential refused to allow the transfer.

In December 2013 Mr D complained to Prudential who explained that the provider had been in contact; to inform it of Mr D's intention to transfer his pension into a Self-Invested Personal Pension (SIPP). Prudential said that it had contacted the provider to explain that it would send Mr D a form which the provider could assist him with. Prudential stated that no further contact was made by the provider and the form had never been returned. As such the pension policy with it remained in place.

In 2015 Mr D pursued his complaint further. At that time Prudential produced an illustration that showed that Mr D could receive a joint annual pension of around £3,300 backdated to 2010 on the day he turned 75. This illustration assumed that Mr D's wife was three years younger than he was. Mr D asked Prudential to confirm this offer. It did this in its email to him on 4 December 2016 and with a personalised quote sent to him on 8 February 2016. These figures were all based on an assumed three year age difference.

In February 2016 Mr D accepted the quotation and returned the relevant completed forms, enclosed with his personalised illustration.

In April 2016 Prudential emailed Mr D. It told him that the previous annuity illustration was based on its standard assumption that Mr D's wife was three years younger than him. In fact Mr D's wife was about eight years younger than he was and as a result the annuity available was lower. The revised annual annuity was around £2,100 p.a. Prudential awarded Mr D £250 for the delays Mr D had experienced.

Unhappy with the reduction Mr D complained to Prudential. Mr D also complained that his pension was not transferred in 2010. Mr D noted that he would have been entitled to the Open Market Option (OMO).

Prudential upheld Mr D's complaint and awarded him £500 for loss of expectation for the incorrect quote.

However Prudential's stance on the 2010 transfer remained unchanged. It explained that as no instruction was received to transfer his pension, it was not permitted to do so.

Unhappy with Prudential's response Mr D brought his complaint to our service where an adjudicator said she could not uphold his complaint as there was no evidence showing Prudential had been provided with transfer instructions.

The adjudicator also said she wouldn't have expected Prudential to honour the initial quote as it was based on an assumed age difference and noted that the award of £500 for loss of expectation was in line with what this service considers fair in such circumstances.

Mr D did not agree. He said his original contract with M&G Life included a key feature for allowing the OMO. But Prudential profited from forcing its policyholders to buy an annuity with it. Mr D stated that the onus was on Prudential to provide him with a competitive annuity. Mr D argued that Prudential had deliberately provided him with incorrect quotes.

Mr D also did not agree with the compensation payment of £500; he said it did not include *'the statutory rate of 8% per annum (simple) from 23.7.2010 [when Mr D turned 75] to the date payment was actually received'*.

Mr D's annuity payments are now in payment and were backdated to 2010.

As an agreement could not be reached, the complaint has been referred to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint and having done so I have come to the same conclusions as the adjudicator and for broadly the same reasons.

The first point to consider is the argument made by Mr D that he wished to transfer his pension in 2010 and that this did not happen.

Mr D was 75 on 23 July 2010.

On 24 September 2010 after Mr D's 75th birthday Prudential received a letter of authority from Mr D allowing them to speak to the proposed new provider.

On 6 October 2010 Prudential rang the new provider and explained that if benefits were taken at or after age 75 that Mr D would not be eligible to receive a tax free lump sum. The retirement pack that had been issued in March 2010 assumed benefits would be taken before Mr D's 75th birthday. Prudential noted that if they received the application form back they would be able to process the retirement. The new provider stated that Mr D would contact Prudential. This never happened and the funds remained invested. As these forms were not received by Prudential it concluded that the proposed transfer was not going to take place.

If the transfer was to have gone ahead at that time to the new provider I would have expected there to have been evidence that Mr D had chased Prudential to get the transfer processed. Had Mr D done this he would have become aware that Prudential had not received the forms that it required and a new set could have been issued. I have to agree with the adjudicator that the Prudential did nothing wrong at that time.

When providing the initial illustrations to Mr D, Prudential was aware of his date of birth but his wife's date of birth was not recorded on their computer system. I note that Mr D states that he had previously supplied his wife's birth certificate. However Prudential despite checking their records back to 1971 could not find a copy of the certificate. It also noted that there would have been no reason for it to have asked for a copy when the pension policy started. As a result when it produced the joint life annuity illustrations it assumed that Mrs D was three years younger than Mr D. This age difference is the default assumption that is used by Prudential when producing such illustrative quotes.

In Mr D's case as Mrs D was over eight years younger than he was, the joint life pension that could be offered was lower as all other things being equal it would be paid for longer.

Prudential offered the sum of £500 for any distress and inconvenience that this may have caused Mr D.

Mr D has argued that he should receive eight percent interest on this amount but I do not agree that there is any need to add eight percent interest to this sum. The £500 offered was for any distress and inconvenience that Mr D experienced with the illustrative figures.

my final decision

I do not uphold this complaint against The Prudential Assurance Company Limited as I consider that the offer made by it is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 February 2017.

Adrian Hudson
ombudsman