

complaint

Mr H complained about The Prudential Assurance Company Limited. He said it hadn't allowed him to do what he wanted with his pension and this led to him suffering a large tax liability.

background

In December 2016 Mr H rang Prudential wanting to access his pension benefits. There was some confusion during the call over income drawdown and what Mr H wanted. This led to Mr H deciding to take his entire pension in a lump sum even though his original intention had been to take only 25% and put the rest into drawdown.

Mr H became frustrated with the Prudential adviser as he went through the mandatory checks to ensure Mr H understood what he was doing by asking for all of the money to be paid to him by cheque. By the end of the call Mr H had decided he'd had enough of Prudential and they were forcing him to take financial advice which he said he didn't need.

A retirement pack was sent out to Mr H on 6 December 2016. It explained all the available options for him (including income drawdown), but also contained the relevant "return of funds" forms. These forms contained a warning that taking the entire pension as a cash lump may have a number of implications. One of these was Mr H may pay tax on 75% of any amount he received. The form also indicated Mr H may wish to take financial advice before doing so.

On 7 December 2016, an adviser from Prudential rang Mr H. He wanted to check, following the call on 2 December, if Mr H needed anything clarifying or whether he could help Mr H do what he wanted. Mr H didn't give the adviser an opportunity to explain or clarify anything. Mr H repeated that he wanted his entire pension paid to him via a cheque and to sever his ties with Prudential. As a result, a second set of "return of funds" forms were sent out to Mr H. On 21 December 2016 Mr H signed the forms and the funds were paid to him by Prudential sometime after.

Prudential treated Mr H's call on 2 December and 7 December 2016 as a complaint and provided a final response in January 2017. Prudential acknowledged errors on the call on 2 December 2016 which led to confusion over the type of drawdown Mr H wanted. It also acknowledged the length of time the call had taken. Prudential paid Mr H £100 in recognition of this.

Mr H remained unhappy and complained to this service. He felt Prudential should pay his tax bill of around £22,000. One of our investigators looked into Mr H's complaint. He thought Prudential had acted fairly and weren't responsible for Mr H's decision to take his entire pension as a lump sum. As Mr H doesn't agree his complaint has been passed to me to consider.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint; in doing so I've come to the same conclusion as the investigator.

Mr H was adamant in the calls on 2 and 7 December 2016 that he didn't need to take financial advice. I can see that Prudential made it clear to Mr H in letters on 6 and 7

December that he may have to pay 75% tax on his lump sum and suggested he seek further advice. Whatever frustrations Mr H had during the two calls with Prudential, it was on 21 December 2016 that he signed the forms to take the pension as a lump sum. I think the information provided by Prudential was sufficiently clear about what might happen and Mr H had sufficient time to consider what he wanted to do before signing the forms.

I acknowledge that he found the call on 2 December frustrating, and Prudential have also recognised this by paying Mr H £100 and providing feedback to their staff. The adviser wasn't as clear as he could have been about the income drawdown option. But Prudential rang Mr H back on 7 December to try to clarify things and double check Mr H was doing what he really wanted. But Mr H wasn't prepared to listen.

As a result I think Prudential have acted fairly and don't think they can be held responsible for Mr H's own actions which led to the tax he received on his lump sum. I think Prudential made the risks clear to him and tried on 2 and 7 December to help him pursue the right course for him. This included seeking financial advice which he chose not to do.

my final decision

For the reasons above I don't uphold Mr H's complaint. Under the rules of our service, I'm required to ask Mr H to accept or reject my decision before 20 March 2017.

Benjamin Taylor
ombudsman