

complaint

Mr V complains that The Prudential Assurance Company Limited didn't provide him with a high enough enhancement to his pension.

background

Mr V took out an income choice annuity in 2012 with Prudential. He completed a medical questionnaire at the time and Prudential offered him an enhanced income due to his medical conditions.

Mr V says the enhancement should've been higher. He already had cancer when he took out the annuity and he now knows that his life expectancy is severely reduced. He says the enhancement only really took into account his diabetes and not his cancer.

Prudential says they considered Mr V's medical conditions at the time, including his cancer and the reduced life expectancy.

Our investigator didn't think Mr V's complaint should be upheld. Mr V disagreed, so this case has been passed 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. Having done so I've decided not to uphold Mr V's complaint which I appreciate will be disappointing for him. I'll explain my reason in more detail below.

I've seen the medical questionnaire Mr V completed in 2012 which includes information about his diabetes and his cancer.

Prudential say they gave Mr V an enhancement based on the information provided in his questionnaire taking into account his cancer and also the fact that treatment might not work and his life expectancy would be reduced. Based on what I've seen I have no reason to think they didn't do this.

Annuity providers can consider life shortening medical conditions or lifestyle choices (like for example smoking) and offer a higher rate/income. They do their own risk assessments and the amount they offer is a commercial decision. Some providers choose to not offer enhanced annuities at all.

Once an offer is made it's down to the customer to decide whether they think the offer they've received is satisfactory or if they want to shop around and see whether they can find a better one.

Mr V's annuity was arranged by a financial adviser. So it would've been the adviser's responsibility to make sure the annuity Mr V received was suitable for his circumstances. If he thought the enhancement wasn't high enough and there was a better offer available on the open market with a different provider (which might not have been the case), they should have informed Mr V about this.

I understand that Mr V feels he should have a higher annuity because he has a severe illness and potentially less than ten years to live. However, Prudential wasn't obliged to offer a specific rate or income. And as I said above I have no reason to think they didn't consider Mr V's cancer at the time and made an offer in line with their criteria.

So I don't think Prudential have done anything wrong here.

my final decision

For the reasons mentioned above I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision by 8 March 2018.

Nina Walter
ombudsman