

complaint

Mr Q is unhappy with how Prudential has managed his pension fund and with the final value of his fund. He is unhappy that he had to transfer his fund to another provider and that his funds were switched to Prudential's Cash Fund in 2001.

background

The adjudicator wrote to Mr Q on 28 February 2013; the background and circumstances of the complaint were set out in that letter. The adjudicator concluded that the complaint should not be upheld and considered that Prudential had awarded an appropriate level of compensation to reflect the inconvenience Mr Q had suffered as a result of the error it made in providing Mr Q with an inaccurate quotation in early October 2012.

Mr Q did not agree with the adjudicator's assessment. He responded to the adjudicator, reiterating his complaint and asked for it to be reviewed by an ombudsman for a final decision.

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. Having done so, I have come to the same overall conclusions as the adjudicator and for the same reasons.

The information provided in the quotation dated 3 October 2012 was misleading. The quotation stated a percentage growth of 0%; however it should have been 5%. Prudential has apologised for the incorrect information given in relation to the percentage investment growth of Mr Q's fund. I do not believe this error caused Mr Q any financial disadvantage and the error was recognised and corrected within a short period.

Although Mr Q's fund value was subsequently less than initially illustrated, I do not consider this to be a further error by Prudential. It is important to remember that as annuity rates and actuarial assumptions fluctuate, Mr Q could have received more or less than what was initially estimated. The fund figures in the quotations were purely an illustration of potential benefits. Illustrations are based on the regulator's assumed investment growth rates and give projections of a likely fund value. However, there is no guarantee about the final fund value.

Under the terms and conditions of Mr Q's policy, it was not possible to defer taking his pension benefits beyond reaching his 75th birthday; I note that Prudential (then Scottish Amicable) wrote to Mr Q in January 2001 stating that *'you may alternatively wish to defer taking your benefitsuntil your 75th birthday at the latest.'* Accordingly, as Mr Q did want to defer taking his benefits beyond his 75th birthday, he was required, in accordance with the policy terms and conditions, to transfer his fund to another pension provider.

I further note that Prudential (then Scottish Amicable) again wrote to Mr Q in March 2001 stating that *'I refer to my letter of January 11 January 2001. I assume you do not want to take your retirement benefits at present. I have therefore changed your selected retirement date to age 75 as required by the plan conditions. This letter continued 'We have switched your funds into the Cash Fund in accordance with the plan conditions .If you want to switch into another fund please fill in and return the enclosed Investment Alteration Request Form. This letter is your formal confirmation from us of the revised provisions'.*

As Mr Q did not request a switch to an alternative fund, the switch to the cash fund in 2001 was in line with the plan's terms and conditions.

I have concluded that Prudential has acted in accordance with the terms and conditions of Mr Q's pension policy. Furthermore, Mr Q was properly informed in 2001 that his pension fund would be transferred to Prudential's Cash Fund and that he must take his deferred benefits by his 75th birthday at the latest. In these circumstances, it would be neither fair nor reasonable to uphold this complaint.

However, I agree with Prudential that in respect of the inaccurate pension fund quotation issued to Mr Q in October 2012, an award of £75 is fair and reasonable; it is consistent with what this service would award in similar circumstances.

my final decision

I do not uphold this complaint. If it has not already done so, I direct Prudential Assurance Company Limited to pay Mr Q £75 by way of compensation for the distress and inconvenience caused by issuing an inaccurate pension fund quotation to Mr Q in October 2012.

Terry Connor
ombudsman