

complaint

Mrs B has complained to The Prudential Assurance Company Limited about the sale of her Teachers' Additional Voluntary Contribution (TAVC) plan.

background

Mrs B met with a representative from Prudential at her home in August 1999. At the time she was employed and a member of the Teacher' Pension Scheme (TPS). The representative completed a TAVC application form which Mrs B then signed. The TAVC plan was set up with a contribution level of 6% of Mrs B's salary and was invested in Prudential's with-profits fund.

Mrs B complained about the sale of the plan in January 2018. She said that when she commenced the TAVC plan, Prudential failed to:

- Undertake a risk based assessment either at the time of the advice or later
- Explain the different fund options
- Provide any information regarding charges applied

Mrs B says her fund value would be much higher now had she invested in higher risk funds in the 2000's. She suggests she would have taken more risk with her investments.

Prudential reviewed the complaint and advised Mrs B that it didn't provide her with financial advice when she took the plan out. So it wasn't required to assess her attitude to risk. All it had to do was give Mrs B enough information for her to make an informed choice and it's satisfied it did this. Mrs B was unhappy with Prudential's response so she referred her complaint to our service for consideration.

One of our adjudicators reviewed the complaint and concluded that Prudential hadn't done anything wrong. Mrs B didn't agree with the adjudicator's opinion as she believes Prudential should've completed a fact find at the time of the sale. If it had done this, she believes it would've been in a better position to assess her attitude to risk.

The complaint has now been passed to me to decide.

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'm not upholding the complaint. I'll explain why.

I don't know what was discussed when Mrs B met with Prudential. But she says she wasn't offered the opportunity to complete a fact find with the representative and for him to provide her with advice. However, the sale took place almost 20 years ago and I think it's unlikely Mrs B would be able to recall the exact discussions that took place back in 1999. So whilst I have taken account of what Mrs B has said, I've also considered the application form that was completed at the time of the sale. This was signed by Mrs B so I think it's likely to represent an accurate reflection of what was discussed.

The crux of Mrs B's complaint is that Prudential didn't assess her attitude to risk or recommend that she invest in higher risk funds. However, Prudential could only do this if Mrs B was willing to complete a full financial review. From what I've seen, it doesn't appear Mrs B wanted to do this. I say this because the declaration on the application form states that:

"Prudential's representative has clearly explained the alternative methods of review available to me when considering the payment of additional voluntary contributions. I confirm I have chosen the following method:

Completion of a financial review

Prudential's advice is based on the information I have given.

Completion of the application form only

Because Prudential has not completed a financial review, I understand they can only provide advice regarding the payment of additional contributions."

The box next to the send option 'Completion of the application form only' was ticked. I think this demonstrates that there was discussion around the methods of review and Mrs B was made aware that she had the option to complete a full financial review. But she opted not to do so on this occasion. This means the representative was unable to provide any advice as to what funds Mrs B should invest in as they weren't aware of her attitude to risk and her overall financial situation. The representative was only able to confirm the maximum contribution Mrs B could make to her plan, that being 9% of her salary. And he was required to make Mrs B aware of the alternative option she had for topping up her retirement provision, that being the TPS' in-house past added years option.

I can see Mrs B has signed the declaration immediately above a statement which says that she's "been made aware of the booklet entitled 'A Guide to the Teachers' Pension Scheme' with regard to the added years option". So I think it's most likely that Mrs B was made aware that past added years were an alternative option for her to top up her retirement provision. And if it hadn't been explained, I would've expected Mrs B to query this, before signing the declaration.

In terms of the funds, the application form gave Mrs B a choice of funds to invest in and the option to split her premiums between any of the funds listed. Mrs B chose to invest 100% of her premiums in the with-profits fund, which is a medium to lower risk fund. I appreciate Mrs B believes Prudential should've advised her to invest in a higher risk fund. And I've explained above why it wasn't able to provide advice of this nature. But I'd like to point out that even if Prudential had completed a full financial review – and was able to provide advice as to which funds would've been suitable for Mrs B – it may have been the case that it would've considered the with-profits fund to have been the most suitable for her in any case.

I understand Mrs B is disappointed with her plan's performance. Investment growth hasn't proved to be as high as anticipated when this plan was taken out. This isn't an issue that's limited to the Prudential with-profits fund; investment conditions have been difficult and the anticipated returns haven't been achieved on many investments.

Taking everything into account, I think Mrs B was given the option to have a full financial review but opted not to take this up on this occasion. And so Prudential was unable to provide advice as to which funds would be most suitable for her. For this reason, I'm not upholding the complaint.

my final decision

My final decision is that Mrs B's complaint against The Prudential Assurance Company Limited is not upheld for the reasons outlined above in this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 26 October 2018.

Lorna Goulding
ombudsman