

## **complaint**

Mrs M's complaint is that the Prudential Assurance Company Limited paid her less tax free cash than it said it would. She is also unhappy about the way Prudential handled the resulting complaint.

## **background**

In November 2013 Mrs M contacted Prudential about taking benefits from her pension. It sent her a letter outlining several different options. Mrs M also spoke with a representative of Prudential on the phone, who told her that tax-free cash of approximately £11,600 would be payable (if she chose to take it), and that the final quote was guaranteed. In December 2013, Mrs M received a benefits quote showing tax free cash of around £14,000. She accepted the quote. Mrs M later received a cheque for £11,659.15. Included with the cheque was a covering letter, apologising that the amount previously quoted was incorrect.

Mrs M then made a formal complaint. After investigating Mrs M's complaint, Prudential upheld it in part, as it recognised that it had sent her an incorrect quote. It paid her £225 compensation for the distress and inconvenience caused and interest on the tax free cash (as it had been paid later than it ought to have been). However, Prudential maintained that it had paid Mrs M the correct benefits. It also said that it was not required to make good its error by paying Mrs M the incorrectly quoted amount. Prudential later paid Mrs M a further £50, bringing the total amount of compensation to £275. Dissatisfied with Prudential's response, Mrs M referred her complaint to this service.

The adjudicator did not recommend that Mrs M's complaint be upheld. He concluded that, although Prudential quoted the incorrect amount of tax free cash – and residual pension income – this was a genuine error. He said, in summary:

- He was satisfied Prudential had paid Mrs M the correct benefits.
- Prudential was not required to pay the difference between the correct and incorrect tax free cash amounts.
- The amount of compensation paid to Mrs M was fair in the circumstances.

Mrs M did not agree. In summary, she said she did not believe that Prudential had made a genuine error, as it must have known about the incorrect quotations before sending her the cheque. She said she was entitled to rely on the figures Prudential provided and it was not for her to query the higher amount, as Prudential had suggested. Finally, she said the incorrect quotation was not corrected before the sale was made, which was negligent on Prudential's part, and meant she was not able to rescind the contract.

The adjudicator responded saying that, in his view, it was likely that Mrs M would have been unable to act differently, had she been made aware that the tax free cash amount in the final quote was not correct. This was because her Prudential pension had a higher than normal tax free cash entitlement, which she might have lost had she decided to transfer to another provider. Mrs M did not agree. She argued that she would have walked away from a firm that made such a basic error.

## **my findings**

I have 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 reached the same conclusions as the adjudicator, and for similar reasons.

Like the adjudicator, I am satisfied that that higher tax free cash amount of around £14,000 (and the correspondingly lower monthly income amounts) quoted by Prudential was an error. £14,000 was significantly more than the maximum lump sum payable from Mrs M's policy at the time.

I do however agree that it was reasonable for Mrs M to rely on the figures quoted by Prudential. Its representative also told her (mistakenly) that its quotes were guaranteed. But it does not necessarily follow from this that Prudential should be bound to pay to Mrs M a sum it quoted in error. Correcting a mistake usually involves putting the consumer back in the position they would have been had the mistake not occurred, not in the position they would be if the mistake were true.

In this case, had Prudential not made a mistake, Mrs M would have been quoted a tax free cash amount of around £11,600 (as she was originally) and it is likely she would have accepted it. It had already been indicated to her she would receive an amount around that level, and she wanted to take as much tax free cash as she could, which was an amount around that sum. So the position that Mrs M would likely have been in, had the error not occurred, is the position that now exists. It would not, in the circumstances, be reasonable for me to require Prudential to pay the cash sum it quoted in error, on the basis of its representative having mistakenly said its quotes were guaranteed.

Mrs M says she was denied the opportunity to buy an annuity elsewhere, after Prudential had noticed its error. However, she wanted to take as much tax free cash as she could, so I think it unlikely she would have pursued an open market option had she been told about the error before benefits were paid, as this would likely have meant less tax free cash being paid. I have also not seen any evidence to suggest Mrs M was unhappy with the (correct) tax free cash amount of around £11,600 when it was first quoted to her.

It is however clear that Mrs M received a poor level of service, and the mistake by Prudential meant that she was, for a period of time, led to believe that she would receive a higher tax free cash sum, and less monthly income. Prudential has paid £275 compensation to Mrs M. A small amount of this (around £10) was interest – the rest was to compensate for the inconvenience caused. I think that amount of compensation is fair and reasonable in the circumstances, and do not therefore consider it would be reasonable for me to award any additional compensation.

## **my final decision**

For the reasons given, I do not uphold this complaint.

John Pattinson  
**ombudsman**