

## **complaint**

Mr T complains that The Prudential Assurance Company Limited mis-sold him a personal pension. Mr T is unhappy with the way his pension has performed since.

## **background**

Mr T was sold a personal pension plan by a Prudential adviser in 1989. At the time, he was 23 years old. He contributed £50 a month initially. The policy was set up for 38 years as Mr T expected to retire at 61. Mr T also opted out of the state earnings related pension scheme (SERPS) and contributed to his personal pension instead. Mr T's pension stopped receiving SERPS payments in 2011.

Mr T's pension quotation gave examples of what his pension might be worth when Mr T retired (at his expected retirement age, in 2027). The examples showed Mr T's pension could be worth between £240,000 and £638,000, providing him with an annual income between £24,900 and £75,800.

By 2017, Mr T's pension was worth around £130,000, and would buy him an annual income of about £2,000. Mr T complained to Prudential. Whilst he recognised he had been provided with a quote of what his pension might be worth when he took out the pension, he took it with the expectation that even the lower figures quoted would be enough. He said he would not have taken the pension out if he'd known that it would be worth only £2,000 a year. He also said he made a complaint about how his pension had performed in 2016 but had not received a response.

Prudential explained it had little paperwork from 1989. It noted Mr T would have needed to meet a number of criteria to opt out of SERPS in 1989, including that he needed to be less than 45 years old and earning more than £5,000 a year. It also referred to paperwork from when Mr T met Prudential again in 1993. This indicated Mr T was earning £15,000 a year and had not changed his employer since taking out his Prudential pension. As Mr T was not contributing to his employer's pension, it thought the recommendation to take out a personal pension was suitable. It had assessed Mr T as having a 'medium' attitude to risk and the funds his pension was invested in matched his appetite for risk.

Prudential acknowledged the figures provided on Mr T's quotation and his disappointment that his pension had not matched his expectations. However, the figures given were a guide, not a guarantee, of how Mr T's pension might grow/. It said that in 1989, it was reasonable to assume Mr T's pension could grow around 13% a year – and this assumption was in line with the regulator's guidelines at the time. However, growth of 13% a year is no longer realistic because of lower inflation and interest rates, which could not have been foreseen at the time.

Prudential acknowledged Mr T had made a complaint about a related matter in 2016, and offered Mr T £100 to apologise for not responding sooner.

Unhappy with this response, Mr T referred his complaint to our service. One of our investigators reviewed the complaint but didn't uphold it. Whilst there was little paperwork from the time of the advice, he thought the recommendation to take out a personal pension was suitable. He didn't think it was likely Prudential had guaranteed the final value Mr T's fund would grow to.

Mr T disagreed with our investigator's assessment of his complaint, so it has been passed to me for review and a 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 agree with the conclusions of our investigator, for broadly the same reasons. I realise this is likely to disappoint Mr T, but I'll explain the reasons for my decision.

I can't know what was said to Mr T by Prudential's adviser in 1989 and there's little paperwork available from the time of the sale, but I've considered the information we do have.

I accept the lowest figure given on Mr T's quotation shows an expected fund of around £240,000 at retirement. But these figures were only illustrations of how his investment might perform; they were not a guarantee of how his investment would perform. The large range of the figures shown on the illustration indicates the anticipated growth of Mr T's pension fund could not be predicted with a high degree of accuracy. Indeed, the illustrations showed growth could vary considerably. And although Mr T thinks he was given a guarantee as to how his pension would perform, I can't safely say from everything I've seen that Prudential's adviser provided Mr T with such a guarantee.

The world has changed significantly since 1989 – financial markets, investment performance, interest rates and annuity rates have all changed drastically since then. But the growth rates quoted by Prudential were in line with common expectations of how investments would perform at the time. Prudential provided illustrations of potential growth rates, which were in line with the requirements set out by the industry regulator at the time.

Prudential produced annual statements, which show how Mr T's pension performed over the years. I think it took sufficient steps to keep him updated about the growth of his pension. I've seen no evidence to suggest Prudential mis-managed Mr T's pension fund.

I don't think the information indicates that Prudential's recommendation to contribute to a personal pension was unsuitable. I've not been provided with evidence to show Mr T was contributing to an employer's occupational pension scheme in 1989 – but he wasn't contributing to a scheme by 1993, when Prudential reviewed his pension contributions.

I've also thought about the advice given to Mr T to contract out of SERPS. Mr T was several years below the pivotal age for men at the time of the advice. And his annual earnings were above the relevant lower earnings limit. So I don't think the advice Prudential gave Mr T to contract out of SERPS and start this plan to accept contributions was unsuitable.

I understand Mr T is disappointed that he may now have less in the pension than he had anticipated. But this doesn't mean the original advice was unsuitable; the advice given has to be considered in light of what was thought reasonable at the time

I understand Mr T's disappointment that his pension will likely be worth less when he retires than he thought it would be. But for the reasons I've explained above, I think the information available suggests Mr T was given suitable advice and I don't think he was given any guarantees about how his pension would perform.

I note Prudential already offered Mr T £100 for the delay in responding to his complaint. I acknowledge Mr T was frustrated Prudential didn't respond to his complaint sooner, but I've not seen that the delay caused Mr P considerable inconvenience or financial loss. With that in mind, I think Prudential's offer of £100 fairly recognised the inconvenience caused to Mr T. I don't think Prudential need to offer Mr T further compensation.

**my final decision**

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 9 November 2018

Vicki Blackwood  
**ombudsman**