

complaint

Mrs B has complained that her personal pension policy with The Prudential Assurance Company Limited ("Prudential") had accrued no value despite her paying into it for seventeen years.

background

Mrs B's policy was set up following advice from Prudential's adviser in 1996. In 2013 having joined her employer's occupational pension scheme she enquired about the personal pension she had with Prudential. She was told that information would be sent to her. However, she did not hear from Prudential. On contacting Prudential again she was told that her policy had not accrued any value as it was for life cover only.

Mrs B complained to Prudential that she believed that her policy was a pension policy and would accrue a value. Her complaint was not upheld and she referred it to our service.

Mrs B's complaint was investigated by an adjudicator. The adjudicator concluded that the written documentation completed when the policy was taken out showed that, although it was a personal pension policy, the whole of the monthly contributions would be used to provide death benefits and not retirement benefits. However, she concluded that Prudential's representative ought to have realised this when Mrs B first called in 2013. Prudential agreed and offered to make her a payment of £50 in respect of her distress and inconvenience.

Mrs B did not agree. She said that:

- She would not have taken the policy out had she been aware that it was only providing her with life assurance.
- She had previously taken out endowment policies with Prudential but the adviser told her that the company no longer sold them.
- She was told by the adviser and in good faith believed that she had a personal pension policy.
- She was seeking a refund of the premiums she had made into the policy.

Prudential made no further comment.

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 conclusion as the adjudicator.

The policy Mrs B took out was a personal pension but all of the contributions she was making into the policy were used to provide life assurance. This was reflected in the policy application form and the documentation completed by her adviser. I accept Mrs B's recollections of the event is somewhat different but as she has signed the application form I do not consider that she ought to have been entirely unaware of the nature of the policy she had taken out. I also note that the 'Fact Find' document completed at the same time had the section on Life Assurance completed.

Mrs B says that she would not have taken out the policy had she been aware of its true nature. I cannot dispute what she is now saying. However, and in the absence of any contemporaneous record of what was discussed with her adviser at the time, I think that the information she had at the outset ought to have been sufficient to let her know what the policy was set up to do. I have also noted that Mrs B acknowledges that the statements she subsequently received about her policy did not show it as having a value.

The adjudicator asked Prudential about other options that might have been available to Mrs B and in particular what other pension plans, with retirement benefits, might have been available at the time. However, the minimum contribution amounts required to open one of these policies were considerably in excess of the gross premium she was making to her pension policy. Therefore, these options do not appear to have been available to her.

Despite Mrs B's suggestion that she would not have taken out life cover that is what she did do. Although I note the disparity between Mrs B's recollections of the advice given and the policy taken out by her, I am not persuaded by the evidence I have seen that the policy was mis-sold to her.

I understand that Mrs B will be disappointed with my decision. I do not underestimate her concern that a policy she believed would provide retirement benefits in fact will not do so. However, based on the evidence I have seen and taking into account all the circumstances, I am not persuaded that it would be fair or reasonable to hold Prudential to account for this.

However, I agree with the adjudicator that when Mrs B asked for information about her policy, in 2013, Prudential ought to have told her then that her policy had no surrender or income value. Instead it agreed to provide details about her options available from the policy. However, when that information did not arrive – presumably because the policy could neither be transferred nor benefits taken from it – Mrs B had to call Prudential again.

This would have caused some degree of distress and inconvenience for Mrs B. However, I am mindful that the policy did not have any value at any time so Mrs B's position was not made significantly worse by Prudential's actions. But as Mrs B cancelled her premiums into the policy upon being made aware that it had no value I think this is likely to have occurred at a slightly earlier date. But in my opinion, it is unlikely that more than one additional payment would have been made by Mrs B.

I am able to make awards for distress and inconvenience and believe it is appropriate to do so in this case. Prudential has made Mrs B an offer of £50. Taking into account all the circumstances of this complaint I consider this is an appropriate amount.

my final decision

I uphold this complaint in part. I direct The Prudential Assurance Company Limited to pay Mrs B £50 in respect of her distress and inconvenience in not being told at the earliest opportunity that her policy had no surrender or income value.

Terry Connor
ombudsman