

## complaint

Ms E complains that The Prudential Assurance Company Limited (Prudential) has refused to allow her to transfer two pension pots she holds with it into a drawdown plan.

## background

Ms E provided the following summary of her complaint:

*'My finances were put in order some time ago and I am happy where they are. Within these are some old work pensions and small standalone pensions. Prudential own 2 small pensions to around £40k I read the brochures they sent and decided a drawdown would be a great option for me.... As these 2 small pensions are old, they are not eligible at the moment for drawdown. I had to talk to one of their Financial Advisors. I stated I was happy with my finances as they were and my only interest were these 2 pots. I was refused further help as I refused to discuss what I wanted the money for, and I refused to discuss my savings, income and outgoings. Basically I don't want to buy from them except for these 2 small pots or change my financial situation.'*

Ms E was unhappy that Prudential wanted her to take advice on whether drawdown was right for her personal and financial circumstances. Prudential said it was not willing to allow Ms E to transfer her pension pots into its drawdown plan without first taking advice. Ms E referred the matter to this service.

Our investigator said she didn't think that Prudential had acted unreasonably, or treated Ms E unfairly by requiring her to take advice about whether drawdown was suitable for her.

She explained that income drawdown carries more risk than taking pension benefits via an annuity. With an annuity Ms E would receive a steady income for the rest of her life. With a drawdown plan, Ms E could withdraw all the money in the plan and be left with nothing to live on. This could leave Ms E in financial difficulty if she didn't have other sources of income.

Given these additional risks, our investigator explained that it is not uncommon for pension providers to require customers to take financial advice before entering into drawdown. She said that although she understood Ms E didn't want to discuss her personal and financial situation, Prudential was also entitled to decide on what terms it wished to provide its services.

She said this service couldn't order Prudential to allow Ms E to transfer into a drawdown plan with it, without taking advice. And she explained that Prudential was allowed to make a commercial decision to only allow customers to access its drawdown products once they had taken advice on whether drawdown was suitable for them.

She also noted that Ms E could use a different drawdown provider if she was unhappy with Prudential's requirement to take financial advice. She provided the contact details for Pension Wise if Ms E wanted more information on the options available to her.

Ms E did not accept our investigator's view. She explained that she had spoken to a Prudential adviser. She said that she told the adviser that she, *'...only wanted to discuss the Prudential pension as I have other pension pots which I am happy with. Because I also would not give him all the information about the other pension pots he refused to go further. I am happy with my financial position. All I wanted to do was take the drawdown and leave the rest to accrue interest. They will not deal with their own pension solely and I do not want them to have access to all of my savings.'*

Ms E also reiterated her view that she didn't think it was *'...mandatory for a business to ask on what I am spending my pension.'*

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I am sympathetic to Ms E's position. But having carefully considered this matter I don't think her complaint should be upheld. I'll explain why.

Ms E says she doesn't want *'...to be forced to discuss all my financial details or why I want the money, it's nothing special btw but I value my privacy.'*

Ms E is correct to say that she doesn't have to disclose her personal and financial circumstances if she doesn't want to. But, as our investigator explained, Prudential is also legitimately entitled to refuse to allow customers, to access its drawdown products if they haven't taken financial advice.

Drawdown can be an effective way for some consumers to access their pension pots – but it isn't right for everyone. There is a real risk that a consumer could withdraw all the funds in their drawdown plan and be left with nothing to fund their retirement. As this is the case I don't think it is unfair or unreasonable for Prudential to only allow customers who have taken financial advice to access its drawdown plan. It isn't in anyone's best interests if a consumer is left in financial difficulty after they have retired because they took entered into drawdown and it wasn't suitable for them.

I appreciate that Ms E feels she is sufficiently well informed to know whether using drawdown to access her Prudential pensions is the right for her. But the issue is that Prudential also wants to be sure that a drawdown plan is suitable for Ms E – and it can only assess this if Ms E is willing to discuss her personal and financial circumstances.

Ms E says she has been told by a third party that Prudential can't require her to discuss her personal circumstances. As I have set out above this is correct. But Prudential is also entitled to require all customers who want to take out a drawdown plan with it to get financial advice first, to check that the plan is suitable for them.

As our investigator noted, Ms E is free to shop around for a drawdown provider that doesn't require customers to take financial advice. But I can't order Prudential to let Ms E take out its drawdown plan if she is not willing to meet its requirement to take financial advice.

**my final decision**

My decision is that, for the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 27 December 2019.

Suzannah Stuart  
**ombudsman**