

complaint

Mr M took an annuity from The Prudential Assurance Company Limited and complained he is no longer able to take a lump sum from his pension pot.

background

Mr M took out a pension plan 1996. The pension had a term of 22 years, meaning it would mature in 2018 when Mr M turned 60. At the time he took out the pension, Mr M says he was told he could take the pension as a lump sum.

In 2012, Mr M asked Prudential what the value of his pension fund would be when he turned 55 in 2013; Prudential sent him a quote.

In 2013, Mr M spoke to Prudential again about his options. Prudential explained what would need to happen for Mr M to take his entire pension fund as cash. It also told him he could take 25% as a lump sum, which would be tax free. The remaining funds could then be used to pay Mr M an income for life.

Mr M's daughter also spoke to Prudential, who told her it couldn't provide advice about what was the best option for Mr M. It explained that if Mr M needed advice, he should talk to a financial adviser.

Mr M opted to take 25% of his fund as a lump sum and chose an annuity which would pay him around £10 per month, with the amount payable increasing by 3% each year.

After Mr M turned 60 in 2018, he asked Prudential if he could take a further lump sum but he was told this wasn't possible. Prudential explained that Mr M bought an annuity in 2013, which could not be surrendered or changed, so he couldn't take another lump sum. Mr M complained, saying he'd been told in 2013 that he could take a lump sum at that time, as well as a further lump sum when he turned 60. Prudential couldn't find any evidence Mr M was told that, and reiterated that his annuity cannot be changed now.

Unhappy with Prudential's response, Mr M referred his complaint to us.

One of our investigators reviewed Mr M's complaint but didn't uphold it. She didn't think there was enough evidence to show Mr M was promised he could take a further lump sum once he reached 60. The investigator also said that whilst English may not have been Mr M's first language, Prudential had made it clear it couldn't advise Mr M when it spoke to his daughter. Mr M disagreed, so this has come to me for 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've not upheld Mr M's complaint. I realise this will disappoint him, but I'll explain my reasons.

I accept that when Mr M took his pension plan out in 1996, he may have been told he could take a lump sum when he drew his pension at 60. But Mr M asked to take his pension benefits earlier than this when he turned 55 in 2013. At this time Mr M took 25% of his pension fund as a tax free lump sum. And the remainder of his fund was used to buy an annuity. The annuity was set up to make payments for the rest of Mr M's life. I can't find any

evidence to support Mr M's recollection that in 2013 he was told he could take another lump sum when he turned 60. Annuities can't be changed once they've been taken out and Prudential knew that. So I think it's unlikely Prudential would tell Mr M he could take out a lump sum and annuity, then take a further lump sum from the annuity five years later.

I've thought about Mr M's arguments that English wasn't his first language and that an annuity of £10 a month isn't enough to live on. I accept Mr M may not have been clear on his options and the implications of his choices. But Prudential wasn't able to advise Mr M on what was the best thing for him to do. Prudential did tell him to get his own financial advice if he wasn't sure what option was best for him. Mr M then returned to Prudential and chose to take an annuity which increased by 3% a year. I don't think Prudential was wrong to accept Mr M's instruction. And whilst Mr M may be disappointed with the income he receives from the annuity, I think Prudential were sufficiently clear about how the annuity Mr M chose worked.

Taking into account all the evidence, I don't think Prudential misled Mr M into thinking he could withdraw a lump sum at 55 and withdraw another one at 60. And Mr M's annuity cannot be changed at present, so I can't ask Prudential to let Mr M alter the terms of his annuity and take a lump sum now.

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 M to accept or reject my decision before 5 August 2018.

Vicki Blackwood
ombudsman