

complaint

Mrs B has complained about the advice she received from The Prudential Assurance Company Limited to start a Free Standing Additional Voluntary Contributions (FSAVC) plan.

background

Mrs B met a Prudential adviser in 1998, when she was 25 years old and earning around £14,000 a year. Prudential's adviser recommended Mrs B take out a FSAVC plan to top up her benefits at retirement.

The adviser wrote to her explaining the reasons for his recommendation. He also said he'd given Mrs B a copy of the leaflet "AVC – some important features" and explained the contents to her. The letter also said the adviser covered the "relative merits of FSAVCs and AVCs". The letter recorded that Mrs B accepted the adviser's recommendation because she wanted the flexibility offered by the FSAVC. Mrs B began making monthly contributions of £40. Contributions were maintained until 2012.

In 2018, Mrs B – represented by a third party – complained to Prudential. She said Prudential should have given her a "personalised comparison" of the benefits of contributing to her employer's in house Additional Voluntary Contribution (AVC) scheme versus the FSAVC she ended up taking out. She said she would have made contributions to her employer's AVC if she'd been given more information, so thought Prudential's advice to contribute to the FSAVC was unsuitable.

In response, Prudential said it met the regulator's requirements to draw Mrs B's attention to the AVC plan, discuss the generic differences between the FSAVC and AVC and directed her to her employer for more information on the AVC options. Unhappy with this response, Mrs B referred her complaint to our service.

One of our investigators reviewed Mrs B's complaint but didn't uphold it. He thought the leaflet Prudential gave Mrs B made the cost difference between AVCs and FSAVCs sufficiently clear. And it directed her to her employer for more information about the in-house options available to Mrs B. Further, the investigator thought Prudential was sufficiently clear its adviser was not qualified to advise on products that were not its own.

Mrs B disagreed, saying it's not normally considered best advice to contribute to a FSAVC instead of an in-house AVC. She said there was no evidence Prudential explained either the charges involved in the FSAVC or the generic differences between FSAVCs and AVCs. Mrs B's representative referred to complaints other customers had made to our service about the mis-sale of FSAVCs, which were upheld. 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 agree with the

conclusions reached by our investigator for broadly the same reasons. I realise my decision is likely to disappoint Mrs B, but I'll explain the reasons behind it.

The Regulatory Update 20 (RU20) was issued by the then industry regulator, the Personal Investment Authority, in May 1996. The update set out that:

A representative should not recommend his own company's FSAVC until he has:

- *drawn the client's attention to the in-scheme alternative;*
- *discussed the differences between the two routes in generic terms (taking account, among other things, of the features described in this article); and*
- *directed the client to his employer, or to the scheme trustees, for more information on the in-scheme option.*

Having considered the available evidence, I agree with our investigator that Prudential met the regulator's requirements.

I note the FSAVC application form indicates Mrs B was a member of her occupational pension scheme and she was asked how much she contributed into AVCs. The answer given indicates Mrs B wasn't contributing into her employer's AVC, which suggests Prudential drew Mrs B's attention to the in-house AVC alternative.

Mrs B also signed a declaration on the sales documentation to confirm she understood Prudential's adviser was not qualified to give advice about any other company or its products.

Following the meeting, Prudential's adviser sent Mrs B a letter explaining the reasons why he recommended the FSAVC. The letter also said that Mrs B accepted the recommendation because of the flexibility offered by the FSAVC. It also said the relative merits of FSAVCs and AVCs were explained to Mrs B and that she'd been provided with a leaflet explaining more detail about AVCs, the contents of which was also explained to Mrs B.

I've reviewed the leaflet provided. It explained to Mrs B that her employer would provide an AVC scheme. It said some employers offer to match a scheme member's contributions to the in-house AVC. And in many cases, the employer also bears some, or all, of the administration costs – but with an FSAVC, all the costs are paid by the customer. The leaflet said that information on the in-house options would be available from the employer. I think this leaflet would have made Mrs B aware that the FSAVC may be more expensive than an in-house AVC.

The evidence indicates Prudential did, therefore, fulfil its requirements to draw Mrs B's attention to the in-house AVC scheme. It also provided information about, and discussed the generic differences between, FSAVCs and AVCs. And it was clear only an employer, not Prudential, could provide information about in-house options available to the customer. As such, I'm satisfied Prudential fulfilled its obligations when it advised Mrs B to take out the FSAVC.

As Mrs B's representative is aware, Prudential was not required to carry out a detailed, personalised, comparison between the FSAVC and AVC. If Mrs B was unclear on the relative merits and differences of AVCs and FSAVCs and, following receipt of the letter,

didn't feel these had been explained to her, I would have expected her to question this further with Prudential at the time.

I note Mrs B's representative sent our investigator examples of other customers' complaints referred to our service where another ombudsman concluded a FSAVC had been mis-sold. As Mrs B's representative is aware, we consider every complaint on its individual merits. Based on the evidence available in this case, I'm not persuaded that Prudential mis-sold Mrs B's FSAVC.

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 Mrs B to accept or reject my decision before 17 October 2018.

Vicki Blackwood
ombudsman