

complaint

Mr L is unhappy about The Prudential Assurance Company Limited ('The firm') deducting past Additional Management Charges (AMC) from his pension policy.

background

Mr L had a previous complaint upheld by a different ombudsman who stated that Mr L should be able to take benefits from his pension plan before 75, without the deduction of an Early Retirement Charge.

In 2014 Mr L asked for new values on his plans. The firm provided incorrect values but then issued correct figures. It offered Mr L £200 for the error.

The firm then found another error on the policy which started in 2003. It explained that it hadn't taken some charges from the policy in the past.

The firm said that it would only take from the value the amount due up to 2013. It would not deduct the charges from 2014 up until 2028.

The amount to be taken was £8,618.

Mr L complained about this. The firm replied that the AMC is not affected by the previous decision. The firm considered that it had, in the interests of treating all customers fairly, to ensure that the AMC was applied to Mr L's policy.

The firm also argued that selling adviser should've explained the features of the plan including the charging structure. The firm sent Mr L a copy of both the application form (as signed by Mr L) and the relevant extract of the terms and conditions explaining the AMC.

Mr L's adviser then asked for a copy of the AMC calculation. The firm then noticed that the figure of £8,618 was still wrong. The firm updated the figures to 9 May 2014 when Mr L actually transferred. The firm said that the correct figure should be £9,847.

Mr L was unhappy and complained to this service. An adjudicator did not uphold it because:

- The firm is entitled to apply the AMC in line with the terms and conditions of the policy.
- The AMC is not connected to the Early Retirement Charge.

Mr L disagreed arguing:

- He has not been provided with the full agreement relied upon by the firm. He has only been provided with extracts.
- The firm deducted the AMCs from the transfer value of his fund without telling him the amount.
- He has not had a copy of the calculation.

These were then sent to Mr L.

Mr L says he didn't get the Policy Conditions in 2003. By comparing the full document with the relevant extracts relied upon by the firm in the past, it can be seen that although the subject matter is similar the wording is not.

Mr L says that, in light of this, he cannot understand the basis for the charges especially as the firm do not seem to rely consistently on the same Policy Conditions.

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 and for broadly the same reasons.

Firstly, Mr L has noted certain differences in the documents provided by the firm. Whilst I agree with Mr L that there are differences in the wording, I am satisfied that the full policy document provided to this service and Mr L recently is the correct version. I note that on the final page it has a date code showing 2003 – the year that this plan came into effect.

In any event whilst the wording of the two documents is not identical, they have the same effect. The additional management charge allows the firm to cancel 1.8% of type A units allocated to the policy.

The 2003 document states:

If type A units have been allocated, each year during the Additional Management Charge Period we will cancel 1.8% of the type A units allocated to the policy in the investment-linked funds and the With Profits Funds.

It was the responsibility of Mr L's IFA to explain this to Mr L.

I consider that to be fair to all the other policyholders, the firm can recover the AMCs from the date on which the policy started.

An offer of £200 has been made for the delay in implementing this service's decision on Mr L's previous complaint.

This offer is in line with our general approach and awards for that type of error. I will leave it to Mr L as to whether he wishes to accept the offer from the firm.

my final decision

I do not uphold this complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 13 July 2015.

Adrian Hudson
ombudsman