

complaint

Mr S has complained to The Prudential Assurance Company Limited about the sale of his Teachers' Additional Voluntary Contributions (TAVC) pension plan.

He says he that, had he been given information, he would've purchased added years in the Teachers' Pension Scheme (TPS) as opposed to setting up the TAVC plan.

Mr S is being assisted with his complaint by a third party but for ease of reading the decision, I'll refer to all submissions as being made by Mr S.

background

Mr S took out a TAVC plan in 1998, following a meeting with a representative from Prudential. The paperwork completed at the time of the sale confirms that:

- Mr S was 45 years old and married
- He was working as a full time teacher and he'd been a member of the Teacher's Superannuation Scheme since 1975
- His normal retirement age was 60 but Mr S was considering retiring at the age of 55
- He was earning £26,299 pa

The TAVC policy was set up with a starting contribution of 9% of Mr S's salary per year. Based on Mr S's salary at that time, this worked out at a regular premium of just over £196 per month. Mr S took the benefits of his TAVC plan in 2007.

Mr S complained to Prudential in 2017 about the sale of the TAVC plan. Prudential reviewed matters but it didn't think it had done anything wrong. In summary it said:

- its representatives were only required to provide information about the added years option and they weren't allowed to provide advice on added years
- the literature that Mr S would've received when he joined the main TPS, would've made him aware of added years
- Mr S signed the TAVC plan application form which included a statement confirming that he'd been made aware of the added years option

Mr S referred his complaint to this service for independent review.

One of our investigators considered the complaint but he didn't recommend that it be upheld. He said that there was insufficient evidence to say that Mr S wasn't told about the added years option. But even if he wasn't, the investigator didn't think this would've made a difference as he didn't think Mr S would've bought added years anyway.

The investigator explained that this was because the sales paperwork suggests that one of Mr S's primary goals was to retire at 55 on half salary. As eligible members were only allowed to purchase past gaps in service from age 20, Mr S would've only been able to purchase two or three added years. So Mr S wouldn't have reached the maximum of 40 years if his plan was to retire and 55 and not 60, the normal scheme retirement age.

In addition to this, the investigator thought that the TAVC may have seemed like a more attractive and less expensive option at the time. And it offered the flexibility that Mr S may have preferred with his goal of early retirement at 55.

Mr S didn't agree with the investigator's opinion. He said that:

- he didn't retire at 55 and it seems unlikely that a booklet was provided because it states that retirement before age 60 is not normally permitted
- to write the TAVC for a term that was not permitted suggests that best advice did not prevail
- whether he was able to purchase 1 added year or 4 added years, it is universally accepted that they provided greater benefit and value, than an AVC that was subject to market risk, establishment and ongoing charges and fees

The complaint has been passed to me to decide.

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'm not upholding the complaint. I'll explain why.

I think it's very likely that when Mr S joined the TPS he was provided with a scheme booklet. This booklet explained the various options he had for paying extra contributions to increase his pension provision – including the option of buying added years. So I think, on balance, Mr S had most likely been provided with information regarding the added years option, before he even met with the Prudential sales representative. But in case Mr S didn't receive a booklet when he joined the TPS, I've also thought about what he was told during the sales meeting.

The Prudential sales representative was only authorised to provide advice on Prudential products; he couldn't have advised Mr S on the added years option. All the representative had to do was make Mr S aware that added years were an alternative option and refer Mr S to the TPS booklet for further information.

I don't know exactly what was discussed during the meeting but I acknowledge that Mr S says Prudential didn't tell him about the added years option. However, the sale took place 20 years ago. So I think it's unlikely that Mr S would be able to recall the exact discussions that took place back in 1998. As such, I've based my decision on the paperwork from the time of the sale. Having done so, I think it's likely that Prudential made Mr S aware that added years were an alternative option.

I say this because, there's a section on the TAVC plan application form which asks if the applicant is currently paying additional contributions to the TPS, and one of the options that can be ticked is for added years.

This section of the form wasn't completed but I don't think this necessarily suggests that added years weren't discussed. As far as I'm aware Mr S wasn't making any additional contributions to the TPS when he met with the adviser. So I don't think it's unreasonable for this part of the form to have been crossed through as there was no information that needed to be provided in this section.

I'm also conscious that Mr S has signed a declaration on the same form that states that he's *"been made aware of the booklet entitled 'A Guide to the Teachers' Pension Scheme' with regard to the added years option"*.

Mr S has said that this form was completed by the representative. But I don't think this means that Mr S wasn't given the opportunity to read through the form before signing it. And the statement above is immediately above where Mr S has signed. I don't think it's unreasonable to suggest that by signing the declaration, Mr S was agreeing that the information on the form was correct, that he'd been made aware of the booklet and that added years were an option.

On balance, I therefore think that even if Mr S didn't receive the scheme booklet when he joined the TPS, it seems that Prudential also made him aware that added years were an alternative option when he took the TAVC plan out. And it was for Mr S to decide if added years were an option that he wished to explore further.

I appreciate that, with hindsight, Mr S might have preferred to have purchased added years rather than taking the TAVC plan. But I think Prudential did all that it was required to do during the sale of the policy, in terms of making Mr S aware that added years were an option. So I'm not upholding the complaint.

my final decision

I haven't upheld Mr S's complaint, so I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 July 2018.

Lorna Goulding
ombudsman