Financial Ombudsman Service

complaint

Mrs W has complained about The Prudential Assurance Company Limited. She is unhappy about the way it has managed her pension funds.

background

Mrs W set up two personal pensions with Prudential in 1989. They were arranged with the assistance of an independent financial adviser (IFA). Both plans were set up with a selected retirement age of 60. Mrs W didn't take her benefits at 60 and the retirement age was extended to 65.

Prudential sent 'wake up' letters to Mr W and her IFA in late 2018, these letters informed her that her retirement age was approaching and asked that she get in touch. Mrs W became concerned about Prudential's service and she made a complaint. Prudential accepted that its service could have been better and offered £125 for any upset caused. Mrs W accepted that but raised further specific issues. She said, in summary:

- She was unhappy that she had been given conflicting information about when her funds would be transferred into a cash fund,
- Prudential didn't tell her that it no longer provided annuities,
- Information was sent to the original IFA whom she was no longer in contact with,
- Her investments hadn't been managed properly.

Prudential didn't uphold these complaints. It explained that funds would only be automatically switched to cash when the selected retirement date was reached, but that hadn't happened. Its letter from December 2018 had said this and it was also the case that funds could be switched at any time on Mrs W's request.

Prudential explained that it had taken a commercial decision to withdraw from the annuities market but wasn't obliged to inform Mrs W about this.

Prudential had written to the IFA whose details were in its records. It had no reason to know the IFA was no longer involved.

Prudential didn't agree that the funds had been poorly managed. It explained that the funds Mrs W invested in were UK funds which, by definition, meant that there were limits on the diversity of investment.

Mrs W didn't agree and referred her complaint to this service where it was considered by an investigator. The investigator didn't think the complaint should be upheld. She explained that the terms of the pension plans allowed for automatic transfer of the funds to cash funds once the selected retirement age was reached. But this hadn't happened as the selected retirement age had been extended to 65. Mrs W could always have changed the investments if she'd wished and the investigator felt that the correspondence had been reasonably clear about that. So although the value of the funds had decreased, Prudential weren't obliged to backdate a switch to cash.

The investigator also noted that Prudential no longer provided annuities. Although it hadn't told Mrs W of this change, it hadn't offered its annuities as an option for her in the retirement options provided.

The investigator noted that Prudential had written to the IFA, but there was nothing to suggest that any data had been compromised or there had been any loss to Mrs W. The investigator explained that if she wanted to make a complaint about a breach of the data protection rules, that would be a matter for the Information Commissioner and not this service.

And the investigator said that there was no evidence to suggest the funds had been mismanaged. Prudential were not responsible for the advice to invest.

Mrs W didn't agree and asked for a decision from an ombudsman. She said, in summary, that she hadn't been aware of her option to switch funds and had she been she would have switched to cash. Prudential hadn't told her that her funds wouldn't automatically be switched to cash and she should have been informed that it no longer offered annuities.

As no agreement has been reached the case has been referred to me for a final 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.

I've summarised the background to this complaint above, but I've considered all the information that's been provided. Having done that, I've reached the same conclusions as the investigator and for essentially the same reasons. There is little that I can add to what has already been said. I don't uphold this complaint and I'll explain why.

I can understand that Mrs W is unhappy with the decline in value of her funds. But I'm satisfied that she has always had the opportunity to switch her investments if she wished to. This was always a feature of the plans and was set out in the policy booklet.

Prudential would have switched the funds to cash once the selected retirement date was reached but this didn't happen. The retirement age was switched from 60 to 65. Prudential couldn't switch the funds to cash without Mrs W's agreement unless the retirement age was reached. It's true that some pension plans include 'life styling' which allows for automatic fund switches to less volatile investments in the years before retirement, but these plans didn't include that feature. I don't think Prudential was wrong to allow the funds to remain invested rather than being switched to cash. That's what the terms provided for. So I don't think it would be fair to direct that it make any backdated switch to cash as it hasn't done anything wrong in my view.

Prudential didn't expressly tell Mrs W that it no longer provided annuities. But its retirement options weren't misleading about this. And Mrs W could look to another provider for an annuity if she wished to.

I've seen nothing to say that any sensitive data has been compromised or that Mrs W has suffered any financial loss as a result of any data breach. Prudential sent correspondence to the IFA that was recorded as the relevant adviser. Mrs W was always free to remove or change that adviser. And, as the investigator has said, any complaint about a breach of data protection rules should be referred to the Information Commissioner.

Like the investigator, I'm not aware that there has been any criticism of the management of this fund by the regulator. The fund invested in UK assets and so by definition there was some lack of diversity and that may mean that there was some increased volatility. But it was not Prudential's role to advise her on the investment or the fund choices. And as I've said, Prudential couldn't switch the investment without Mrs W's agreement (except at retirement age). It was always open to Mrs W to switch or spread her investments.

I can appreciate that Mrs W was disappointed with the reduction in value of her funds. But having considered the evidence carefully, I'm not satisfied that Prudential mishandled her pension funds. I don't think it has done anything wrong (apart from the service issues for which redress was agreed and paid) and so it wouldn't be fair to uphold this complaint.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 24 February 2020.

Keith Taylor
ombudsman