

complaint

Mr D is unhappy that The Prudential Assurance Company Limited (“Prudential”) did not provide information that he requested about his pension benefits. He believes this resulted in him delaying taking his benefits and as a result he received less tax free cash and a lower annuity from one of his vested pension policies, policy A.

background

Between early January 2012 and late February 2012, Mr D sought annuity quotations for two pension policies (A and B) held with Prudential. Mindful of Prudential’s advice in their Annuity Guide, issued to Mr D in 2011, that combining pension policies on crystallisation may result in a higher annuity rate than might be achieved by crystallising policies individually, Mr D asked for quotations on both an individual and combined basis for his two policies.

Prudential responded that it was only possible to issue guaranteed quotes on a combined basis one month before the chosen retirement date, which in Mr D’s case was early May 2012.

Prudential added that the provision of the information requested by Mr D could constitute advice which they were not qualified to provide.

They did, however, provide Mr D with fund values for his two policies as at mid-January 2012 and a guaranteed annuity quote for policy A which was valid until mid-February 2012. Mr D made further requests for indicative (ie not guaranteed) quotes on a combined basis but was told each time that this was not possible until one month before his retirement date.

Mr D further says when it became clear that Prudential would not, or could not provide even indicative quotes on a combined basis, he felt compelled to vest his policies individually in order to remove both uncertainty and the possibility that further delay would result in lower annuity rates on crystallisation.

Mr D vested policy A in March 2012, with a lower annuity rate than the quote which expired in mid-February; Mr D asserts that he would not have vested this policy at the time he did had he been in full possession of all the information he had requested from Prudential.

The difference in tax free lump sum and annual annuity income between the first guaranteed quote which expired in mid-February 2012 and the actual value on crystallisation in March 2012 amounts to £199.38 and £145.56 respectively. Mr D estimates his loss to be of the order of £3000, assuming annuity payments were made for 20 years.

One of our adjudicators investigated this complaint and wrote to Prudential in January 2013 concluding that the complaint should succeed in part. In summary, he accepted Prudential was unable to guarantee whether Mr D would receive a higher income at his selected retirement date if he combined his policies. He did however consider that it would not have been unreasonable for Prudential to have provided a non-guaranteed combined quotation to Mr D.

He said this would not have constituted advice and would have been a more suitable response from Prudential, instead of it simply stating that it could only provide a guaranteed

combined quotation one month prior to Mr D's retirement date. Further, the adjudicator did not consider that it was appropriate for Prudential to have responded to Mr D's request using the exact same wording on three separate occasions. Therefore, he recommended Prudential should increase its offer of compensation by £100 to £150.

Prudential did not agree with the adjudicator's assessment. In summary it said:

- Mr D was told on more than one occasion that a combined quotation on a guaranteed basis could only be produced for consideration, one month prior to the intended retirement date.
- It did not agree that it was inappropriate to use the same wording to Mr D on more than one occasion as this showed the message was consistent.
- If it had provided a combined quotation earlier, it would not have been guaranteed and this would have remained the case until 1 April 2012, when guaranteed figures could be prepared. It was therefore unable to tell Mr D whether combining his policies would have provided him with a greater income.

In response to the adjudicator's findings, Mr D said:

- Had Prudential provided the non-guaranteed quotation, he may have made a more informed decision which could have resulted in more tax free cash and a higher annuity from policy A.
- His complaint was not about inconvenience and that the increase in compensation does not relate to financial loss which he complained about. He would not have entered into this process to claim for inconvenience.

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 come to the same conclusions as the adjudicator for broadly the same reasons.

Prudential was unable to provide Mr D with a combined quotation on a guaranteed basis in February 2012. It was therefore not possible to guarantee Mr D that by combining his policies he would receive a greater income from May 2012 onwards.

I do however agree with the adjudicator that Prudential ought to have provided a more suitable response to Mr D. Whilst the responses from Prudential were consistent, in my view they were consistent only in not responding to Mr D's request or concerns appropriately.

Prudential have since confirmed that a combined quotation *could* have been sent to Mr D on a non-guaranteed basis in January. I accept this would not have given Mr D any guarantee of what income could be received in May 2012, had he opted to take his benefits as a combined annuity at that time. Nevertheless, I consider that providing a non-guaranteed quotation in February 2012 would have been a reasonable response to Mr D's question and provided him with relevant information to make a more informed decision. Mr D indicated to Prudential in January that he would be content with a combined quote on a non-guaranteed basis.

Consequently, I have considered what could have happened had a combined quotation been provided to Mr D in February 2012. It is however, not possible to know the figures that would have been quoted at that time; I am told that this is due to changes in Prudential's systems following the introduction of gender neutral pricing.

Mr D has said that he may have taken benefits from his pension policy A at a different time, had he been provided with the information he requested. It is equally possible however, that upon receipt of the combined quotation on a non-guaranteed basis, Mr D may have decided to combine both policies as at 1 May 2012 (his retirement date) or indeed on another date altogether. Or he may have decided not to combine his policies but to still vest them individually.

I appreciate Mr D later decided to take benefits from one pension policy and received a lower level of income than he had previously been quoted. However, I am not persuaded that Mr D would have taken benefits from this policy at an earlier date had he been provided a combined quotation on a non-guaranteed basis in January or February.

Therefore, I cannot be certain of what action Mr D may or may not have taken, had this information been provided at the time of his initial request; I do not consider it fair or reasonable to apply hindsight in judging what action he may or may not have taken. I therefore do not consider it appropriate to uphold Mr D's complaint regarding financial loss.

Whilst I do not uphold Mr D's complaint for financial loss, I agree with the adjudicator that the level of compensation should be increased for the inconvenience and distress caused to Mr D in having to repeatedly ask Prudential, by both letter and telephone, for what I consider to be reasonable information and by Prudential's subsequent acknowledgement that they could have provided this information to Mr D on his first asking. I note that this acknowledgement was only forthcoming after Prudential had sent their final response to Mr D and after he had referred his complaint to this service.

I note that Prudential have increased their distress and inconvenience offer to Mr D from £50 to £150; however even though this now equals the amount recommended by the adjudicator, I consider that the award of £150 does not adequately reflect the distress and inconvenience caused to Mr D. I therefore award a further £100.

I appreciate that Mr D may not have referred his complaint to this service to claim for distress and inconvenience but I consider that such an award is appropriate in this instance.

I consider the amount of £250 compensation as being a fair and reasonable resolution to this complaint.

my final decision

I uphold this complaint in part and direct The Prudential Assurance Company Limited to pay Mr D £250 for the distress and inconvenience caused to him.

Terry Connor
ombudsman