

complaint

Mr C complains that The Prudential Assurance Company Limited offered him a guaranteed pension annuity which he accepted, but it subsequently reduced it without informing him. Mr C considers that Prudential should honour the guaranteed offer.

background

The complaint was investigated by two of our adjudicators. An assessment was sent to Mr C in June 2012. The background and circumstances to the complaint were set out in that assessment. The adjudicator did not recommend that the complaint should be upheld. In summary, he said that the initial quote had assumed that Mr C's spouse was three years younger than him. However this was not the case, she was younger. The annuity was therefore reduced by 8.7% - Prudential had not informed Mr C as the difference in income was less than 10%. Prudential's *'Application and income payment form A'* said the following:

'We'll... contact you with a new quote if there is a difference in your starting income of more than 10%.'

On receipt of a follow up email from Mr C, another adjudicator expressed an opinion on the case in September 2012. The adjudicator agreed with the initial view, because as Mrs C's date of birth was unknown, the quotation had been based on an assumed age. The adjudicator considered that the revised figure was correct and was, in his view, what Mr C was entitled to once Mrs C's actual age had become known. He considered that the payment of £100 made by Prudential to Mr C by way of compensation was fair and reasonable for the loss of expectation that had been suffered.

Mr C did not agree. He said, in summary, that:

- He had made a telephone call to Prudential, prior to completing the forms, and specifically asked about the following clause:

'Please provide the following information if you like us to send you a joint life annuity quotation when we send out your benefits pack... Spouse's/Partner's Date of Birth:... Spouse's/Partner's Full Name:'

- He said that he was told that *'since mine is a single pension, my wife's details were not necessary'*;
- He further asked whether he was sent the wrong form and was advised incorrectly;
- He would also like the meaning of the above clause explained;
- He asked why had nobody contacted him;
- He said that he had suffered a loss due to this;
- He believed the annuity was guaranteed as the quote was entitled 'guaranteed pension annuity'.

Prudential confirmed that it had no further comments.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I understand Mr C's point that he is an ordinary person, that he was trying to complete complicated pension forms which involved a lot of technical jargon, and the literature and quotations provided by Prudential led him to understand that he would receive a pension of £795.96. However, whilst I accept all the above and that the information provided by Prudential may have given him a misleading impression of the amount payable, the fact of the matter is that he ultimately received the level of annuity that he was entitled to.

The Notification of Intention To Take Benefits form was signed by Mr C on 1 September 2011. This form explained that if a joint life annuity was required then Mr C should provide details of his spouse's date of birth. So this form was sent to Mr C before the Guaranteed Pension Annuity quotation was produced on 27 September 2011.

Although Mr C had not provided his spouse's details on the Notification form, which implied that he did not want a quotation on that basis, the Guaranteed Pension Annuity quotation which was subsequently sent to him included a spouse's pension in any event. This was because his pension was what is known as 'Protected Rights'. At the time, the rules that cover this type of pension required that it provided a spouse's pension – so the reality of the situation was that Mr C did not actually have a choice as to whether he had a spouse's pension or not – it had to be included.

As Mr C had not completed his spouse's details on the Notification of Intention To Take Benefits form (which was reasonable if he did not initially want it), the firm based its quotation on an assumed age. So when it subsequently discovered the correct age it was reasonable for it to revise the annuity that it would provide. I am not persuaded that Prudential was contractually bound to provide an annuity based on the figures outlined in the quotation – it was an indication of what it would provide but the terms contained in it were uncertain. The conditions in the application form explained that the annuity would be *"...set up once we receive all our requirements..."*. It said that if the difference in the final annuity was more than 10% of that illustrated it would contact the annuitant, and it provided an example of a reason why the quotation could change. I am satisfied that Prudential was entitled to revise the basis of the annuity when it discovered Mr C's wife's age.

However, I appreciate that Mr C would not have been aware of any of this, or that the information provided by the firm would not have alerted him to it.

Mr C has said that he was advised by a Prudential representative, during a telephone call, to leave his spouse's date of birth and name blank. Mr C says this is because the pension was said to be on a single life basis during the call. I have had the opportunity to listen to the telephone call recording and at no point was it mentioned that the pension was single or joint life. However, neither was it explained to Mr C that the annuity must be set up with a spouse's pension.

Overall, therefore, I appreciate why Mr C understood that he would receive the £795.96 as set out in the quotation, as some of the information provided by Prudential was misleading.

Mr C has said that he has suffered a loss due to Prudential's mistakes. Whilst I accept that Prudential should have provided clearer information to Mr C, I am satisfied that he ultimately received the level of annuity that he was entitled to. And I note that when the firm telephoned Mr C to discuss his complaint, which I have listened to, he was given the option of cancelling the contract. Although Mr C did not accept this as he said the annuity was due to be paid and he was going to be away, I am satisfied that he was given the opportunity to change his decision and cancel the annuity once he knew the actual amount that was going to be paid.

Mr C was expecting to receive an annuity of £795.96 when in fact he received £726.36. In my view the firm provided confusing information to Mr C. But I consider this caused a loss of expectation, because the annuity actually set up was on the correct basis. Prudential paid a sum of £100 to Mr C for the loss of expectation and the inconvenience caused by how it had handled the matter. In my view, this was a fair and reasonable settlement in the particular circumstances of the case.

my final decision

My final decision is that I do not uphold Mr C's complaint, in as far as I consider that the £100 paid by the firm provided for a fair and reasonable settlement.

David Ashley
ombudsman