

## **complaint**

Mr M complains about his enhanced guaranteed pension annuity with The Prudential Assurance Company Limited. He's unhappy that Prudential won't honour the quotation it gave him and which he accepted.

## **background**

Mr M got a number of quotes from Prudential for a pension annuity in the second half of 2015. In January 2016, he received another quote which was better than the earlier ones, and he decided to go ahead with it.

In February 2016, Mr M received a tax-free cash lump sum, but it was less than he expected. He queried this with Prudential. Prudential said it looked like there had been a mistake with the figures; it would look into the matter and get back to Mr M.

In May 2016, Prudential told Mr M it had used the wrong fund value in the quote it sent to him in January 2016. That's why it had told him he'd get more tax-free cash and a higher annual income than he'd actually ended up with. It said it was sorry, offered him £300 by way of compensation, and said it could cancel the annuity and reinstate Mr M's pension if he paid back the money he'd already received.

Mr M wasn't happy with that, so he got in touch with us. Our investigator thought Mr M would have gone ahead with the annuity anyway, if Prudential had given him the right information. So she didn't think he'd lost out financially because of Prudential's mistake. But she thought Prudential should pay Mr M £500 compensation to reflect all the trouble it had caused him.

Neither Prudential nor Mr M accepted that. Prudential still thought £300 was fair, and Mr M was disappointed that the investigator hadn't asked Prudential to honour an earlier quote. He said his main concern was the annuity payments he'll receive – because he's losing out on more than £300 a year.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There's no dispute that Prudential made mistakes here, or that Mr M went ahead with the annuity based on the wrong figures Prudential had given him. As a result, Mr M has received less money than he expected, so I can certainly see why he's so disappointed.

However, I share the investigator's view that Mr M was never entitled to the cash and annuity payments in the January 2016 quote. Prudential's records satisfy me that the fund value it used when it gave Mr M that quote was around £10,000 higher than it should have been. So there simply wasn't enough money in his fund to get him the annuity set out in the January 2016 quote.

Mr M had had a number of earlier quotes, all of which appear to have been based on the right fund value. The January quote was much more favourable. Nonetheless, I don't think he should reasonably have known it was wrong – not least because I find there was some discussion at around that time about backdating the annuity rate he'd get.

Mr M says he hasn't got the backdated rate he was promised, and he's losing out by around £300 a year as a result. I think Prudential said it would backdate the rate to November – not August – 2015; that's what its records reflect. It says it did backdate the rate to November 2015, and that's what Mr M has got. But it also says it had never agreed to give Mr M the rate that was on the quote it had sent him in November 2015; it had simply agreed to give him a rate from November 2015.

I find that rather disingenuous and I think Prudential's approach has caused unnecessary upset and confusion for Mr M. Nonetheless, Mr M hadn't accepted the quote he got in November 2015, and from what I've seen he's better off than he would have been if Prudential had used the annuity rate he would have got in January 2016 – even though he didn't get the rate on the November 2015 quote. Besides that, Prudential did give him the option of paying back the money he'd received and cancelling the annuity. I think that was fair, and it meant Mr M could decide whether to take a different annuity or another option entirely.

Prudential offered cancellation in May 2016, and Mr M told us in December 2016 that he hadn't yet spent the cash lump sum he'd received. So, while I can see that paying back the money might not have been straightforward, it does seem to have been an option – but Mr M still chose to keep the annuity. Importantly, I think he knew at that stage what he was getting. And Prudential had told him earlier that he could look at other providers; he didn't have to take an annuity with it.

So, while I think Prudential could have dealt with this whole matter better, I don't think I can fairly tell it to alter the rates – and the income – Mr M is getting.

I'll deal finally with the matter of compensation. It took Prudential nearly three months to tell Mr M what had gone wrong and offer to cancel the annuity. It's not clear why this took so long – particularly given that Prudential's own records from February 2016, when Mr M complained, say the matter should have been dealt with urgently.

The longer Mr M had to wait for Prudential to look into things, the more difficult I think it's likely to have been for him to pay back the money he'd received if he chose to cancel the annuity. Mr M has been unwell, and I think he has been caused a good deal of worry and upset because of the uncertainty and because of Prudential's mistake with the quote. In all the circumstances, and given the impact of what happened on Mr M, I share the investigator's view that £500 is a fair award.

### **my final decision**

My final decision is that The Prudential Assurance Company Limited should pay Mr M £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 June 2017.

Janet Millington  
**ombudsman**