

Complaint

Mr A's complaint against The Prudential Assurance Company Limited is about the redress Prudential added to his policy in 2010. As Mr A did not retire in 2010 he believes that Prudential should recalculate his loss at retirement. Prudential has refused to recalculate the redress.

background

In 1990 Mr A transferred the benefits from his former employer's occupational pension scheme to a Prudential personal pension. The advice to transfer formed part of the regulator's pension review. As a result of the review Prudential wrote to Mr A offering to guarantee that his pension would be large enough at retirement to pay him benefits of corresponding value to those he transferred. Mr A did not accept the offer at the time and did not return the Form of Acceptance.

In 2010 Mr A asked Prudential to apply its loss test procedure to his policy. Prudential explained that because Mr A had not accepted the guarantee offer during the pension review, his request would be treated as a complaint. It said that the loss assessment would still be carried out in the same way as under the pension review.

Prudential upheld Mr A's complaint in July 2010, agreeing that Mr A should not have been advised to transfer his deferred pension benefits. As Mr A's former occupational pension scheme did not allow reinstatement, Prudential offered to add approximately £50,000 to the value of his policy. The offer letter explained that Mr A could get advice about the suitability of the offer from an Independent Financial Adviser, and that if he was dissatisfied he could contact this service. Mr A accepted Prudential's offer in July 2010.

In April 2013 Mr A asked Prudential to review the redress he received in 2010 in line with regulator's guidelines. Prudential replied saying that Mr A had already received full and proper redress in accordance with the regulator's guidelines and that, as such, it was not required to perform another calculation. Prudential added that although it had made allowance for future policy charges, the final benefits available from Mr A's policy could not be known because they depended on the future performance of his fund and annuity rates at the time he drew his benefits.

Mr A was not satisfied with the firm's response and referred the matter to us. The complaint was investigated by one of our adjudicators. She sent her assessment of it to Mr A in August 2013. She did not recommend that the complaint should be upheld. She said, in summary, that:

- Mr A did not accept the pension review guarantee offer in 1998.
- Prudential conducted the loss assessment in 2010 in accordance with the guidelines and using the assumptions set by the regulator. Mr A was given a copy of the calculations.
- Mr A selected Option 1 in the Letter of Acceptance and, in so doing, accepted the redress in full and final settlement of all claims he may have had against Prudential arising out of the advice to transfer his deferred benefits. If Mr A had been unsure about the validity of the calculation, he had the opportunity to question this at the time by selecting Option 2 on the same Letter of Acceptance.

Mr A disagreed with the adjudicator's findings. He said, in summary, that:

- The adjudicator failed to address the underlying purpose of the regulatory requirement which was met by Prudential in its guarantee to "...ensure that [Mr A's] pension will be large enough at retirement to pay benefits of corresponding value to those [he] transferred".
- Mr A did not accept the offer in 1998 because he considered it was the minimum Prudential was required to do by the regulator. The regulatory requirement to calculate Mr A's loss at the time he drew his benefits had not since diminished. He had suffered a significant financial loss by virtue of Prudential's mis-selling.
- If the assumptions used in 2010 could not take accurate account of predicted annuity rates for 2013 this represented a major failing in the regulator's updating of assumptions. Those assumptions must have been very far from the mark when they could not predict annuity rates to 2013.

Prudential made no further submissions.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint. Having done so, I have come to the same conclusion as the adjudicator, and largely for the same reasons.

The offer made by Prudential to guarantee that Mr A's pension would be large enough at retirement to pay him benefits of corresponding value to those he transferred was made in 1998 – a considerable period of time ago. Mr A did not accept that offer. So I am satisfied that Prudential treated Mr A fairly in 2010 when it calculated the loss in accordance with the regulator's pension review guidance and made an offer on that basis. I note that the offer letter highlighted Mr A's right to refer the matter to our Service if he had any concerns at the time. Mr A did not raise any concerns in 2010, but accepted the redress in full and final settlement.

The loss assessment calculation assessed the position at the date of calculation and the intention of the offer of redress was, if accepted, that it would effectively draw a line under the matter. There is no requirement for a business to undertake calculations again at a later date. Whilst I note that Mr A has expressed concerns about some of the assumptions used in the calculations these were set by an independent team of actuaries, and they were considered reasonable at the time.

I have to take into account Mr A's comments that he did not accept the offer made by Prudential in 1998 because he considered it was the minimum Prudential was required to do by the regulator. However the pension review guidance did not bind Prudential to provide a guarantee – it chose to do so. And Mr A did not accept that offer.

I understand why Mr A is very unhappy if the benefits he will receive at retirement are lower than from his former scheme. However, in the circumstances, I am satisfied that Prudential acted fairly when it made the offer to Mr A in 2010 and I am not persuaded there are grounds to require it to revisit that offer.

my final decision

Accordingly, my final decision is that I do not uphold Mr A's complaint.

David Ashley
ombudsman