

## **complaint**

Mr L has complained that The Prudential Assurance Company Limited (Prudential) has mis-sold his annuity when he took benefits from his pension in 2012. He's said Prudential didn't tell him that he had the option to shop around or to buy an enhanced annuity. He feels this has resulted in a poverty stricken retirement.

## **background**

Upon reaching retirement age, Mr L contacted Prudential to let them know he wanted to take benefits from his pension and he was sent some annuity quotes. He says he called Prudential to discuss the quotes received, but he wasn't told he could shop around.

Mr L submitted an application for an annuity with Prudential, but some weeks later he changed his mind and asked if he could cancel the agreement. Prudential wouldn't allow this as Mr L's right to cancel the agreement had already expired.

Mr L feels Prudential ought to have told him about the possibility of shopping around and buying an enhanced annuity. Prudential looked at Mr L's complaint but it didn't uphold it. It said it didn't provide Mr L with any advice, but the information it gave Mr L included details of the open market and enhanced annuity option.

Unhappy with Prudential's response, Mr L referred his complaint to our service.

Our investigator reviewed Mr L's complaint. In summary, she said:

- Mr L took his annuity without receiving advice from Prudential.
- Prudential gave Mr L enough information to allow him to reach a decision for himself.
- The literature provided by Prudential made it clear that there was the option to shop around for an annuity with a different provider – including the option to apply for an enhanced annuity.
- When Mr L tried to cancel his policy his right to cancel had already expired.

Mr L didn't agree with the investigator. As agreement couldn't be reached the matter has been passed to me for a final decision.

I won't be addressing Mr L's concerns about being advised to contract out of his State Earnings Related Pension Scheme (SERPS) pension contributions. We will consider this as a separate matter if Mr L asks us to.

## **my findings**

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

Having done so, I find myself reaching similar conclusions as our investigator, and for similar reasons.

the information provided

Prudential didn't provide Mr L with advice to buy his annuity so it didn't have to consider whether the annuity was suitable for him. But it was required to give Mr L enough information to enable him to make an informed choice.

Prudential hasn't been able to provide a copy of the conversation Mr L said it had with it about his options, so I've been unable to review what was discussed. But I've noted that Prudential sent Mr L a retirement pack in June 2012. This contained two brochures entitled '*A guide to choosing your income for life > choosing the best pension annuity for you*' and '*Getting ready to take your pension income*' and a key features document.

Both brochures explained that it was possible to buy an annuity from a different pension provider. And that different providers offer different types of annuities so it might be possible to get a higher annuity rate elsewhere. The brochures also set out the steps that could be taken to arrange this.

Mr L has said that he suffers from Chronic Obstructive Pulmonary Disease (COPD) and he feels Prudential ought to have asked him about his health and medical circumstances. But, Prudential wasn't providing Mr L with advice, so it didn't have to ask him questions about his medical health.

The two brochures and key features documents explain that both minor and serious health conditions and/or lifestyle choices could result in getting a higher income from a pension annuity. The documents also gave information about how to apply for an enhanced annuity with Prudential. In particular, the brochure entitled '*A guide to choosing your income for life > choosing the best pension annuity for you*' said the following:

*"If you have a health and/or lifestyle condition, you could get a higher income from your pension annuity...this is called an enhanced income...to get an enhanced income, you'll need to fill out a medical questionnaire...If you think you might be eligible for an enhanced income, give us a call on the number on the accompanying letter."*

I think it was reasonable for Mr L to look through the information Prudential sent him before reaching his decision. And as he'd experienced health problems, the messages about the possibility of receiving a higher income with health conditions ought to have stood out to him.

Based on the information provided, I'm satisfied Mr L was informed how he could look on the open market and the potential benefit of doing so. The brochures and key features documents were sent to Mr L before he agreed to take out his annuity. So I think Mr L was given enough information for him to make an informed choice about whether he wanted to explore other options.

the option to cancel the annuity

I've noted that the key features document says the annuity could be cancelled within 30 days from the date Prudential send their first quotation. But after this, there was no right to cancel.

The first quotation letter was sent to Mr L on 18 June 2012. So Mr L would have been able to cancel his policy until 18 July 2012. But Mr L didn't contact Prudential until 13 March 2014. So I don't think Prudential has acted unfairly by not allowing Mr L to cancel his policy.

**my final decision**

I understand Mr L will be disappointed with this outcome. But I don't think The Prudential Assurance Company Limited is responsible for any missed opportunity. Therefore I'm unable to uphold this complaint or make any award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 26 June 2017.

Michelle Griffiths  
**ombudsman**