

complaint

Mr D complained he'd lost out because he relied on misleading information from The Prudential Assurance Company Limited (Prudential).

background

Mr D had a section 32 pension plan with Prudential with a guaranteed minimum pension (GMP). As he approached 55 in April 2015 he contacted Prudential to ask about his options.

In some of Mr D's contact with Prudential he was told he'd be able to take benefits early from his plan and this would include a tax free lump sum. As his plan value didn't support the GMP this wasn't right and he wasn't able to take benefits early.

Mr D complained to Prudential and said he made various commitments and purchases as a result of the information and so had lost out.

Prudential admitted that Mr D was given the wrong information in several telephone calls and offered £300 for these mistakes. Prudential asked Mr D to send them evidence of his extra costs for them to consider. Mr D didn't accept what Prudential said and came to this service. I think it will help to set out the dates and actions relevant to this complaint:

7 April: Mr D contacted Prudential and asked them to send him illustrations for his plan within 7 days as he wanted to settle it.

14 April: Prudential wrote to Mr D and said he couldn't take benefits early because of the GMP that needed to be met.

15 April: Mr D called Prudential and asked for help understanding the letter. Mr D was told he could take benefits immediately with a lump sum.

22 April: Mr D called Prudential and gave them permission to speak to his independent financial adviser (IFA). He asked for a quote to take immediate benefits at age 55 as the previous information was for the age of 65.

23 April: The IFA wrote to Prudential asking for Mr D's plan information.

27 April: Mr D called Prudential chasing the retirement pack.

27 April: Prudential wrote in answer to Mr D's call of 22 April and explained his fund didn't meet the GMP and so benefits couldn't be taken early.

29 April: Mr D and his partner called Prudential to complain. Initially he said they'd bought things including a car on the basis of the information they'd got. Also he said they were in financial trouble and behind on their mortgage. Mr D called back still unhappy and said they had debts of £5,000 and they'd used money to pay off mortgage arrears and might lose their house. There was a further call where they complained they'd spent £5000 on a holiday as a result of the information which they'd now have to cancel and they wanted compensation.

30 April: Mr D's holiday booked. The invoice date confirms this.

In addition to replying to Mr D's complaint Prudential wrote to Mr D's IFA in early May explaining the value of the fund didn't support the GMP and so benefits couldn't be taken

early. In early June Prudential replied to a call of Mr D's sending through his plan values again. At the end of June Mr D called Prudential and said he wanted to take benefits early and Prudential explained that the fund value wasn't enough for this. It appears Mr D also contacted Prudential at this time asking them to cancel his plan which they explained they couldn't.

Mr D's complaint was investigated by an adjudicator at this service. She didn't uphold his complaint. She explained her reasons for her view including that the holiday hadn't been booked until after Mr D knew he couldn't take his benefits. Mr D asked for an ombudsman to look at his complaint as he wasn't happy and thought the offer of £300 wasn't enough. Mr D was given time to send in any information but nothing has been received. Prudential didn't make any further submissions.

my findings

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

Prudential admitted that Mr D was given the wrong information in several phone calls so I haven't needed to make any decision about this. They offered him £300 and apologized and assured him they'd taken steps. They also offered him the opportunity to send in evidence of his costs that resulted from the wrong information.

Mr D didn't send any information to Prudential about any costs. To this service he only sent a copy of the invoice for his holiday. The adjudicator asked about evidence of other purchases and commitments he'd referred to. Nothing has been sent and so I haven't looked at whether Mr D did make any purchases or commitments apart from his claim about the holiday.

The evidence shows the holiday was booked on 30 April. It doesn't show whether any money had actually been paid. Mr D hasn't disputed this part of the adjudicator's view. There's a figure on the invoice of around £4100 which may've been due in January 2016, there's nothing showing a cost of £5000. I've seen that Mr D told Prudential he'd have to cancel the holiday. There's no evidence if this was done or if any costs were incurred.

In any event by the time the holiday was booked he was already aware that the information he'd been given in several phone calls was wrong and that the information he'd been sent in all the letters was right. He'd also made a complaint about what had happened to Prudential. So I don't think that if there was any money paid for the holiday this was the result of the mistake by Prudential. Even if the holiday was booked by his partner I'd have expected Mr D to have passed on the information that he wasn't going to get any lump sum as he'd said he was shocked and upset. I've also seen that his partner had also spoken to Prudential on 29 April, the day before the holiday was booked.

I also think it would've been reasonable to have received the money before making financial commitments. I think this is particularly true given that Mr D had received letters saying he couldn't take his benefits earlier and also because he's said that he had more pressing financial commitments.

I've seen that Mr D went to an IFA and they hadn't been sent the value and options for his plan by the time Mr D definitely knew he couldn't take benefits early. I would've expected Mr D to wait for them to have this information and get advice before he made any choices as he'd gone to the effort of giving them his authority.

I've no doubt Mr D was disappointed to find out he couldn't take his benefits early. Mr D's expectations had been raised and at the very least he would've hoped he might get a lump sum. This expectation didn't continue for a long time and I think it's important to see that the information he was being sent said the opposite of what he was told in phone calls.

I think the offer made by Prudential was fair as Mr D would've had some loss of expectation.

my final decision

I partly uphold Mr D's complaint and direct The Prudential Assurance Company Limited to pay Mr D the £300 offered, unless they have already paid this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 October 2015.

Louise Wilson
ombudsman