

complaint

Mr F complains that The Prudential Assurance Company Limited (“Prudential”) hasn’t allowed him to convert his annuity payments into a one-off lump sum.

background

Mr F has an annuity with Prudential which is paying him a small income every month. He would rather cash in his annuity and receive a one-off lump sum payment instead. Prudential hasn’t allowed him to do this.

Our investigator recommended that the complaint should not be upheld. As Mr F disagrees, the complaint has come to me for a final decision.

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, my decision is to not uphold Mr F’s complaint.

Annuities, once in payment, can’t typically be cashed in. Some providers do allow small annuities to be cashed in, but this is based on their interpretation of the rules and is at their discretion. It isn’t common. Where, as here, the annuity provider doesn’t offer that option, the consumer can’t insist on it. So Prudential hasn’t done anything wrong here.

I recognise the government did think about introducing a secondary annuity market which would have facilitated individuals cashing in their annuities. But, after consultation, the government didn’t go ahead with this proposal, largely because of concerns that it often wouldn’t be in a consumer’s best interest to cash in an annuity.

I also recognise Mr F’s policy has been administered by a number of different companies over the years. It *may* be the case that one of the predecessor companies would have allowed Mr F to manage his annuity in a different way. But the annuity is now Prudential’s responsibility, so I can only comment on whether Prudential has acted in the right way in dealing with Mr F’s request. With this in mind, and taking into account what I’ve said above, I don’t uphold this complaint.

my final decision

For the reasons given above, I don’t uphold Mr F’s complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr F to accept or reject my decision before 21 June 2018.

Christian Wood
ombudsman