

The complaint

Mr B complains that The Prudential Assurance Company Limited did not contact him about his Personal Pension Plan (PPP) for over 20 years

What happened

Mr B applied for his PPP with Scottish Amicable in 1989. Mr B's signed application form is entitled "personal pensions advice" and lists an Independent Financial Adviser (IFA). The application was ticked to show Mr B wished to opt out of the State Earnings Retired Pension Scheme (SERPS) from April 1987. The application was ticked to say Mr B wanted a 'rebate only' arrangement where only the contributions paid by DHSS if the investor has contracted out of SERPS. Mr B's PPP with Scottish Amicable has since been taken over by The Prudential Assurance Company Limited, who is responsible for this complaint.

In October 2022, Mr B contacted Prudential. He said he had received Prudential's letter of 4 May 2022 via the Department of Work and Pensions (DWP), who had his details. He provided his updated address – he was a permanent resident abroad. Mr B was in touch with Prudential, providing details to identify his PPP.

On 17 November 2022, Prudential spoke to Mr B. Prudential's call notes say Mr B was looking to discuss a withdrawal from his PPP. Prudential said it was investigating his case, including his bankruptcy status. On the same day, Prudential also wrote to Mr B thanking him for his recent enquiry and provided a valuation of his PPP, which was around £42,000.

Prudential's call notes say Mr B called on 24 November 2023 to say he was looking to take an annuity and Mr B was offended he was asked about bankruptcy and complained his PPP had been mis-sold and handled terribly. Mr B subsequently emailed Prudential to complain that his PPP had been mis-sold, mis-managed and it had not made contact with him for 20 years. Mr B noted a news article that said Scottish Amicable was bought by Prudential in 1997 and was put up for sale because of its poor investment performance. The article said customers were barred from switching to better performing funds. Mr B provided another news article that said Scottish Amicable had been fined £750,000 for mis-selling mortgage endowment policies.

On 30 November and 3 December 2022, Prudential wrote to Mr B to say his PPP was worth around £42,000 and that he needed to start taking benefits by the time he turned 75 (in June 2023). And on 7 December 2022, Prudential issued its response to Mr B's complaint. Prudential said Mr B's policy was sold in 1989 by an IFA. It was the IFA's responsibility to investigate his complaint that his PPP was mis-sold.

Mr B responded to say he was given projected growth rates in 2003 showing his pension could be worth between £27,500 and £32,900 by the time he turned 60. As his PPP was now worth only £42,000, Mr B was concerned his PPP was mis-managed.

On 19 December 2022, Prudential issued a further response to Mr B. In summary, it said Prudential was obliged to ask if Mr B had ever been made bankrupt. In 2003, Prudential provided projected low, medium and high growth rates but it did not guarantee growth rates.

Similarly, annuity income figures were projected and not guaranteed. Prudential apologised for the level of customer service it had provided and acknowledged delays in the process of paying the benefits accrued in Mr B's PPP. To ensure Mr B had not been disadvantaged as a result of the delays, Prudential would review Mr B's case in 30 days to assess any potential loss. Prudential paid Mr B £250 compensation as an apology for any distress and inconvenience caused.

Prudential's notes say Mr B's bankruptcy checks had been resolved by 22 December 2022. Mr B emailed Prudential again on 5 January 2023 to say his emails were being blocked. And on 2 February 2023. Mr B emailed Prudential to say it was ludicrous he was being offered an annuity of around £1,200 annually, it was well-documented Scottish Amicable had serious issues and there is clearly something wrong with Prudential's actions.

In March 2023, Mr B asked Prudential to increase the annuity payable by £2,000 per year to compensate him for the lack of communication and mishandling of his pension fund. Mr B said changes had been made to his policy without his agreement or consultation, Prudential failed to inform him of its mishandling of his pension and right to redress and failed to update him about his PPP for over 20 years. And on 26 April 2023, Mr B told Prudential he did not know how he will choose to access his pension until it had answered his questions.

Mr B referred his complaint to our Service to review in May 2023. One of our Investigators reviewed Mr B's complaint but did not recommend it be upheld. Our Investigator said around £9,190 had been contributed into the plan and its current value was around £42,000. The projected growth rates Prudential gave in 2003 were set by the regulator at the time and were not guaranteed. Our Investigator said Prudential could not have known where Mr B moved over the years and thought it was Mr B's responsibility to update Prudential with his address. Finally, our Investigator said Prudential said Mr B would need to follow Prudential's instructions to withdraw funds from his PPP. Mr B said he was not aware he had this PPP with Prudential and that is why he did not update Prudential. Mr B remained unhappy Prudential had not contacted him for over 20 years. He said our Investigator had not addressed the news articles mentioned above and he remained unhappy with his PPP's investment growth.

Our Investigator said Prudential had not responded to Mr B's complaint about investment growth and would need a chance to do so. Prudential then provided our Investigator with copies of the following:

- A letter dated 2 July 2002, saying the PPP consists only of protected rights and explaining information about the policy's death benefits.
- An email from the IFA to Prudential on 25 July 2003 asking for an up-to-date illustration of this policy with current value and projected benefits at age 60.
- A copy of Prudential's letter to the IFA dated 6 August 2003.
- Letters dated 23 January 2013, 22 April 2013 and 22 May 2013 to Mr B, at the address of the IFA, advising him his selected retirement date was approaching. The letter of May 2013 included annuity quotes.
- A letter dated 31 July 2013 to Mr B, care of the IFA. This letter said Mr B had passed the date he originally chose to take his pension income. His fund had been switched into a cash fund, in line with the policy's terms and conditions, and he could take his benefits at any time before age 75.
- A letter to Mr B's IFA dated 22 February 2014, addressed to his IFA's office, saying

some time had passed since the date he selected to take an income from his PPP.

- An email from the IFA to Prudential giving the current address it held for Mr B, in France.
- A letter dated 22 August 2014 to the IFA, saying its letter to the French address had been returned by the post office as “gone away”.

As the IFA submitted Mr B’s application for his PPP and contacted Prudential in 2003, our Investigator thought it was reasonable for Prudential to try contact it in 2013 when Mr B reached his selected retirement age. As Prudential did not hear back, Mr B’s expected retirement age was changed to age 75 and Prudential traced him through the DWP in 2022, when Mr B was 74. Mr B remained unhappy, feeling there is something inherently wrong with Prudential’s communication system. Mr B said if Prudential had sent letters by recorded delivery, it would soon have found out he had moved.

What I’ve decided – and why

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

As part of his complaint, Mr B has raised numerous concerns about how Prudential operates, including its online and telephone services. I would first like to clarify my role. The Financial Ombudsman Service is an informal dispute resolution service. My role is to decide whether Prudential has made an error and, if I think it has, to decide how to put Mr B back in the position he would have been in had the error not occurred. I have no power to punish or fine Prudential. Only the regulator, the Financial Conduct Authority, has the power to tell Prudential to change its processes.

Mr B is unhappy Prudential did not contact him sooner about his PPP. I’ve reviewed Mr B’s application for his PPP and there is no evidence to suggest Prudential provided Mr B with a recommendation to take out his PPP. So, I do not think Prudential was responsible for providing Mr B with advice about taking out his PPP and I cannot, therefore, conclude that Prudential mis-sold this PPP to Mr B.

Mr B has complained Prudential has not updated him in over 20 years. It was Mr B’s responsibility to update Prudential with his current address. Prudential was not obliged to send letters by recorded delivery, which would alert it if customers move home without informing Prudential. I note Mr B has said he was not aware of his pension so did not update Prudential about his address. Mr B signed his PPP application, so I think it is unlikely he was unaware of his policy’s existence. And in his complaint to Prudential, he referred to its 2003 statement with projected growth rates. This statement is dated 5 August 2003 and follows the IFA’s request in July 2003 for a projected value at age 60. So, I think it is likely Mr B was aware of his PPP and there was contact between Mr B and the IFA in 2003 about his PPP with Prudential. I also note Mr B copied his IFA into an email to our Service in 2023, in which he says he does not blame the IFA in any way. So, I think it appears Mr B and the IFA who set up his policy were both aware of the policy’s existence. If Mr B did not retain the services of his IFA beyond 2003, it was still for him to update Prudential about how to contact him.

Under the terms of Mr B’s policy, if Prudential did not receive confirmation of whether Mr B wanted to receive his benefits by his selected retirement date (in 2013), Prudential deemed Mr B to have chosen to postpone the payment of benefits and to have chosen his 75th birthday for payment of his benefits. The terms and conditions of the PPP also set out that all units in Mr B’s fund would be switched into a cash fund.

As Prudential was not provided with Mr B's up to date address, it attempted to make contact with Mr B via his IFA in 2013 as Mr B reached his selected retirement age. I do not think this was unreasonable – the IFA was listed as the adviser when the policy was set up and had made contact about the policy in 2003. Whilst in 2013 Mr B reached the retirement age selected when his PPP was set up, he was not yet obliged to take benefits from his PPP. Prudential was entitled to treat Mr B as having deferred the option to take his benefits until he turned 75. As Mr B was not under an obligation to take benefits before he turned 75, I do not think Prudential was obliged to try trace Mr B through other routes, such as the DWP.

Mr B was obliged to decide how he wanted to take benefits from this PPP before he turned 75. So, Prudential traced him through the DWP. As I have said above, I do not think it was obliged to do this sooner as Mr B was not obliged to take benefits from his policy and it was ultimately for Mr B to update Prudential with his current address. So, I have not upheld or awarded compensation for Mr B's complaint that Prudential did not contact him prior to 2022.

I understand Mr B's frustration that his PPP is not worth what he might have hoped it would be. I have seen no evidence to show Prudential guaranteed growth rates to Mr B. And whilst Mr B has sent press articles about Prudential, I am not aware the FCA has had any concerns about how Prudential managed Mr B's pension fund. In 2013, Mr B's fund was valued at around £41,869. Prudential's letter of 31 July 2013 to Mr B at the IFA's address stated Mr B's investment had been switched into cash in line with the terms and conditions of his plan. From the 2022 valuation, it appears Mr B's fund was still invested in cash and had not grown significantly in value from 2013. But it was not for Prudential to decide which funds Mr B should be invested in – it was for Mr B to decide, or seek advice on, how his fund should be invested. So, I cannot say Prudential should have switched Mr B out of cash into a fund that might have performed better without Mr B's instruction. Whilst I realise my decision is likely to disappoint Mr B, I have not upheld his complaint about the performance of his PPP until the date of Prudential's final response of 19 December 2022.

I note Prudential awarded Mr B £250 compensation for delays in its claims process up to its final response of 19 December 2022. I am not able to review Prudential's actions beyond this point. I think £250 fairly recognises the distress and inconvenience caused to Mr B by Prudential's delays in the claims process until 19 December 2022. If Mr B experienced any issues beyond this date, he may wish to raise a new complaint with Prudential.

My final decision

I realise my decision will disappoint Mr B, but I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 April 2024.

Victoria Blackwood

Ombudsman