

The complaint

Mr M complains that The Prudential Assurance Company Limited caused delays in providing information about his pension which meant his annuity didn't start when he wanted it to.

What happened

Mr M had two retirement annuity contracts (RACs) that were set up in the 1980's. Both were types of pension policies that were available to consumers before the introduction of personal pensions in 1988.

Mr M retained these RACs and the company that he set them up with became part of Prudential in the late 1990s.

Mr M wished to take an annuity income from his RACs and contacted Prudential about that in August 2018.

Mr M additionally instructed an independent financial adviser ('IFA') to advise him over his choice of income type. And Mr M's IFA requested annuity quotes from Prudential which were provided by November 2018.

Mr M emailed his IFA on 10 December 2018 to explain which annuity option he wanted. And by 7 January 2019 the completed application was submitted to Prudential. Prudential put Mr M's annuity into place, starting on 1 February 2019.

Mr M complained to Prudential about the time it had taken for him to receive his annuity. He explained that he first requested a valuation from Prudential in August 2018 and didn't receive his first payment until 1 February 2019. He didn't think the time Prudential took to provide accurate quotes or respond to requests was fair. He wanted Prudential to pay him five months' worth of annuity payments effectively as if his annuity had been put in place when Mr M wanted it to have been.

Prudential looked into Mr M's complaint and didn't uphold it. Prudential explained that Mr M and his IFA called a number of times to obtain different annuity quotations. And it wasn't until 10 December 2018 that the IFA called Prudential to request the application to set up Mr M's chosen annuity. These completed application forms were received by Prudential on 8 January 2019, so the annuity was set up to start on 1 February 2019. Prudential did agree that there were points where it took longer than necessary to provide certain information including where it could have been clearer in December that the premium for December wouldn't automatically be taken and a cheque for that premium would be needed. So Prudential paid Mr M £125 compensation for the distress and inconvenience its service caused.

Mr M didn't accept Prudential's response to his complaint and brought his complaint to our service. Our investigator looked into what happened and was initially of the opinion that Mr M's complaint should be upheld. He said that Mr M requested annuity quotes in August 2018 and then two contradictory quotes were provided which caused confusion. He thought that the confusion over the provision of multiple annuity quotes through October and

November meant that the annuity was delayed and ought reasonably to have been in place three months sooner.

Prudential disagreed and provided further evidence in the form of phone calls that it had with Mr M's IFA. And a timeline of events. It explained that neither Mr M nor his IFA requested annuity quotes to take benefits until 20 September 2018. It thought that the only delay was from 1 October 2018 to 24 October when Mr M queried the different quotes he'd received. But Prudential didn't think it was responsible for the fact that, from 25 October 2018, it took until early January for it to receive Mr M's annuity application.

Our investigator considered the new information and changed his assessment of Mr M's complaint. He didn't think that Prudential caused delays to the setting up of Mr M's annuity. And didn't think Prudential needed to do anything more to put things right.

Mr M disagreed with this. He said that Prudential failed to inform him in advance of reaching his intended retirement what the retirement options were for these pensions. And he wasn't told until too late in the process that Prudential's service delivery time for quotes was ten working days. He said other pension providers notified him prior to his reaching his retirement age allowing plenty of time for him to decide how to take those pensions. He was disappointed at the lengths he had to go to in order to receive the pension he thought he was contractually entitled to at his intended retirement age.

This case was referred for an ombudsman to decide a fair and reasonable outcome. I issued a provisional decision to both parties to explain why I was intending to decide not to uphold Mr M's complaint. Both Mr M and Prudential responded although no further evidence or arguments were provided.

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.

I appreciate Mr M's disappointment. Especially given the time it's taken to reach this stage. But, having considered everything in this case, my final decision remains the same as I explained in my provisional decision. And for the same reasons which I will set out again in what follows.

Mr M's policies were set up before personal pensions existed. Mr M has provided me with the information he received in the 1980's relating to these policies as well as the annual statements he received throughout the life of them. This was useful because Mr M had raised a query regarding Prudential's failure to send him information in the approach to his selected retirement age. This query related to the fact that a pension provider would normally be required to send a consumer a 'wake-up pack' a set period ahead of the policy selected retirement age.

I'd draw Mr M's attention to the rules of these pension products that, under the heading '*Pension Date*', explained that the policyholder could elect to receive the retirement benefit at any date not earlier than his 60th birthday and not later than his 75th birthday. And every statement that he has shown me reinforced that information. Unlike later pension products, perhaps like those that Mr M may have been comparing these RACs to, I don't think that these RACs had selected retirement dates attached to them.

I've seen no evidence that Prudential were ever made aware of the date that Mr M wished to take benefits until around two weeks prior to that. So, in the specific circumstances of these policies, I don't think, on balance, that these RACs had a selected retirement age other than

the default backstop of 75. Which is why, not unreasonably as he was a long way off of being 75, Mr M was not sent any wake-up pack with these policies. So, whilst I understand Mr M's point, which is that a wake up pack would have reduced the likelihood of a delay, I don't think Prudential did anything wrong in this regard.

I have also considered the same evidence that our investigator did. And I don't think that anything Prudential did was materially responsible for the fact his annuity wasn't set up until 1 February 2019.

I haven't seen that Mr M contacted Prudential about these RACs prior to 17 August 2018. This correspondence informed Prudential of his intention to take his benefits at the start of September 2018. And raised queries about the benefits although didn't set out how he might want to take them. I have also seen that Prudential responded to a request for transfer values of the pensions from Mr M's IFA. And responded to that on 16 August providing the details for the pension.

Overall I think that Prudential's response to these initial requests were reasonable. The information gave the transfer values of the funds and the pension options. But also, crucially, explained about the guaranteed annuity rates giving illustrative annuities to a date equivalent to Mr M's 75th birthday. This was, essentially the information that had been requested.

I can see that Mr M made further contact with Prudential on 4 September requesting a nomination of beneficiary for his pensions. Which isn't something that would normally be necessary if the pensions were about to be annuitized. Nonetheless I can see that Prudential responded to that request by 17 September. But the provision of this information would not have been pertinent to any issue of advice Mr M's IFA may have been giving regarding annuities. So needn't have delayed that.

It appears that Mr M's IFA asked for annuity quotes on 17 September 2018, for immediate vesting of the policies. With Mr M also requesting the same on 20 September. Prudential show that the requested quotes were issued to Mr M and the IFA on 28 September 2018. Which I think was a reasonable timeframe to respond to the request.

I think that the quotes that were provided caused Mr M a degree of confusion. I say that because on 1 October 2018 Mr M phoned Prudential querying why he had two joint life annuity quotes that looked the same but gave different income terms. I've seen the quotes he was sent and can see that he was sent a joint life annuity providing a full spouse pension as well as a joint life annuity with a 50% spouse pension. They were both headed as Quote 1 though, which I think could have been clearer. But I think that the two quotes were for slightly different annuity options so weren't a mistake.

Prudential's call handler on 1 October 2018 wasn't able to offer Mr M an explanation for his two different joint life annuity quotes. But Mr M was represented by an IFA so, although I think Mr M's confusion was understandable, I don't think this would have been an issue that ought to have prevented his IFA from making a recommendation. So didn't obviously delay the process. And it is clear on the call of 1 October 2018 that Mr M still wanted to speak to his IFA and hadn't decided which annuity option he wanted to take.

There was a delay where not much happened until Mr M's IFA called Prudential on 25 October 2018 and asked for a re-issue of its options pack. Prudential have provided this call recording and it's clear that Prudential explained to the IFA that an options pack didn't provide full annuity quotes and asked if that was okay. The IFA said it was and was told that Prudential would send that by 7 November. So I don't think Prudential caused any delay as long as it responded to the actual request made. Which it did.

Prudential provided the information that had been requested and the IFA then called it again on 7 November 2018 requesting immediate vesting quotes for Mr M's annuity options with the RACs. The IFA requested a variety of quotes including quotes with 5% escalation of income in payment. And was informed that there would be a 10 working day turnaround and was told that the best annuity for the GAR would be based on its standard basis.

Prudential provided Mr M's IFA with the requested range of annuity quotes on 15 November 2018. Which was within its estimated delivery time. Although on 3 December 2018 Mr M's IFA called Prudential again requesting further annuity quotes on different terms. Which Prudential sent out very promptly by 6 December 2018. I haven't identified any unreasonable delays by Prudential in the provision of quotes to this point.

Mr M has shared email exchanges that then took place with his IFA. Including one he sent on 9 December 2018 where he said. *"I was thinking of an annuity that provided for me until my death, and for [wife's name] if I died first until her death. There may be better ways to get this cover. Is the letter in the post a fuller response covering all our options?"*. So, I think that it's more likely than not that Mr M still hadn't decided at that point exactly how he wanted to take his benefits. Which is reasonable as it was a big decision and he was entitled to consider all of his options carefully. And consider his IFA's recommendation. But I don't think it's fair to say this decision was being held up by anything that Mr M was waiting for from Prudential at this point.

On 10 December 2018 Mr M emailed his IFA to say that he thought his preferred option would be a single life annuity with a 10 year guarantee and checked his understanding of that option with the IFA. And Mr M's IFA asked Prudential for more vesting quotes on 10 December 2018. These quotes were for single life annuity options with both 10 and 5 year guarantee periods. And Prudential sent these quotes to the IFA on 18 December 2018. Which I don't think was unreasonable.

The application for the selected annuity was sent to Prudential by the IFA on 7 January 2019. I can see that there was a subsequent issue whereby Mr M's last premiums for these policies hadn't been taken by Prudential. And Prudential informed Mr M of this on 11 January 2019 following receipt of the application. Mr M responded to this by sending Prudential the cheque for the remaining premiums on 17 January 2019. Mr M's annuity was put in place and he received the first payment on 1 February 2019. So, on balance, I don't think that the final issue regarding premium payments delayed payment as it was still put in place promptly.

Summary

I have looked very carefully at the timeline. I'd start by saying that I don't think Prudential were at fault in not contacting Mr M in advance of the age he wanted to take his benefits. I think he knew he had these RACs and he knew when his preferred retirement age was. But I don't think he contacted Prudential to start the process with enough time to take the benefits by the date he wanted.

I say this because, based on the evidence I've seen, I don't think Mr M had decided how he wanted to take his benefits in August 2018 when he first started the process with Prudential. And I don't think he'd decided his preferred option until into December 2018 as I've explained above. And I don't think Prudential knew or could have acted upon that until it received the application form from the IFA on 8 January 2019. So I haven't identified delays that Prudential caused which delayed the start of Mr M's annuity. Which is why I haven't upheld that part of his complaint. Which I believe was the crux of his issue.

I've considered the service failings that Prudential acknowledged in its complaint response. I haven't seen that Prudential ever responded to Mr M to explain his misunderstanding of the two joint life annuity quotes he was initially sent. Or that it re sent him those quotes as he asked. I've explained though that I don't think those issues were the cause of his not having his annuity in place sooner. But I do think they caused him inconvenience. I think that the compensation that Prudential paid for that inconvenience, and the issue of the missed premium's, was a reasonable way to put that right. So I'm not asking Prudential to do anything further.

My final decision

For the above reasons I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 February 2024.

Gary Lane
Ombudsman