

Ombudsman's Determination

Applicant	Mr S
Scheme	Teachers' Pension Scheme (the Scheme) – Additional Voluntary Contributions
Respondent	Prudential Assurance Company Limited (Prudential)

Outcome

1. I do not uphold Mr S' complaint, and no further action is required by Prudential.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr S has complained that Prudential improperly persuaded him to pay additional voluntary contributions (**AVCs**). He also alleges that he was not informed that he could purchase added years through the Scheme.

Background information, including submissions from the parties

4. Prudential was appointed by the Department for Education (**DfE**) in 1989, to provide teachers with an option to 'top up' their pension fund. All the literature that Prudential use has been approved by the DfE.
5. On 12 April 1999, Mr S signed an application form to purchase free-standing AVCs (**FSAVCs**). On the form, it asked whether he was contributing to Family Benefits, Past Added Years, or whether he had received a repayment of previously withdrawn contributions from the Scheme.
6. On 15 April 1999, Prudential wrote to Mr S and explained it would instruct his employer to deduct 3% monthly from his salary, in line with his completed application form for the FSAVCs.
7. Mr S then continued to pay 3% of his monthly salary into the FSAVCs.
8. It was not until 22 January 2018, that Mr S' representative raised a complaint against Prudential. The representative said Mr S was not provided with adequate information when he purchased the FSAVCs, for example, he was not told about the option of

buying added years. Nor was he made aware of the inherent charging associated with the FSAVCs. He was also given insufficient time to investigate alternatives to the FSAVCs option.

9. On 5 February 2018, Prudential provided its response to the complaint. Prudential said it was unable to agree that the FSAVCs were mis-sold. Prudential went on to say that it was not able to give advice about purchasing added years. But, the option was made available, and Mr S could have investigated further with Teachers' Pensions if he wanted to.
10. Mr S remained dissatisfied and brought his complaint to the Pensions Ombudsman to be independently reviewed.

Adjudicator's Opinion

11. Mr S' complaint was considered by one of our Adjudicators who concluded that no further action was required by Prudential. The Adjudicator's findings are summarised below:-
 - Mr S' decision to purchase the FSAVCs was not as a result of any maladministration by Prudential.
 - In order for Prudential to meet its obligation under the terms of its agreement, it was sufficient to draw to Mr S' attention, the existence of added years either in writing or verbally. The application form Mr S signed for the FSAVCs provided a question about added years. This means he would have been aware of the option of purchasing added years. Had he wanted to find out more information about this option, he ought to have contacted Teachers' Pensions at the time he signed the application form.
 - Mr S believes he was not provided with enough time to make an informed decision about taking out the FSAVCs. There was no evidence to suggest that Mr S was being pressured into making a decision. Had he wanted to explore alternative options, for example purchasing added years, he should have indicated that he wanted to explore this option. Instead, he signed the application form saying he wanted to purchase the FSAVCs.
 - Mr S has said he was not made aware of the charging structure that applied to the FSAVCs. When he made the decision to take out the FSAVCs, he would have been provided with the terms and conditions that were applicable. Therefore, he would have known about the charging structure.
 - In summary, Prudential provided Mr S with the required information when he purchased the FSAVCs, including the charging structure, and there is no evidence that he was pressured into making a decision.

12. Mr S did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr S' representative provided further comments which do not change the outcome. The representative said the following:
- Mr S did not complete the application form as this was done by a Prudential adviser, therefore, the tick boxes were not completed by Mr S;
 - there was no mention of the option to transfer the FSAVCs into the Scheme;
 - Mr S refutes that the Prudential adviser provided details of other options, also that they were not impartial in selling in the FSAVCs;
 - it would have been more beneficial to purchase added years within the Scheme than the FSAVCs;
 - Prudential did not provide clear and fair information; and
 - a past similar case Q00855, was upheld and Mr S believes his complaint should be upheld.
13. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr S for completeness.

Ombudsman's decision

14. Mr S' representative accepts that Prudential advisers could not have given advice on the merits of added years, or products from other providers. However, in his view, Prudential should have provided information on the alternative options available, and allowed Mr S sufficient time to research them. The teachers' union promoted the idea of schools allowing group presentations from Prudential on the benefits of FSAVCs. As the advisers were paid and targeted on results, it is unsafe to assume that they offered a "balanced presentation".
15. The representative says that the sales process adopted by Prudential, particularly the documentation used and completed by its representatives, was viewed as flawed in other cases considered by this office, for example case Q00855. Also, other applicants were found not to have been adequately informed of the option of purchasing added years.
16. The only aspect of Mr S's complaint that I can consider is Prudential's alleged failure to provide him with information about the added years option. Any issue relating to Prudential's sales process, or mis-selling of the FSAVCs, falls outside my jurisdiction and I do not comment on this, or make any findings in relation to that aspect of Mr S' complaint.
17. Each complaint is considered on its own merits. However, the material facts of this case are not dissimilar to that in complaint reference PO-20571, which the Deputy Pensions Ombudsman determined in May 2018 but did not uphold.

18. I am not persuaded from the evidence that Mr S and his representative have presented to this office, that his complaint supports a different conclusion. While I do not question Mr S' credibility, the various forms he signed suggests that he was made aware of the past added years option. I understand that he says the Prudential sales representative completed the forms on his behalf, but these were still signed by him, meaning it was his decision to take out the FSAVCs.
19. I am satisfied that the information Prudential provided to Mr S was sufficient to alert him to the availability of purchasing added years. It was open to Mr S to make enquiries to Teachers' Pensions for further information if he was interested in exploring this. Prudential, in its capacity as the Scheme's AVCs provider, was not responsible for giving Mr S independent financial advice about the suitability of the Scheme's other AVCs options.
20. I do not uphold Mr S' complaint.

Anthony Arter

Pensions Ombudsman
28 February 2019