

Ombudsman's Determination

Applicant	Mr N
Scheme	Phoenix Life Personal Pension (the Policy)
Respondents	Phoenix Life Limited (Phoenix Life)

Outcome

1. Mr N's complaint is upheld and to put matters right Phoenix Life shall pay Mr N compensation for any financial loss he has suffered.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr N's complaint against Phoenix Life is about its failure to provide him with retirement options in advance of his selected retirement date (**SRD**).
4. Mr N asserts that following Britain's vote to leave the European Union, the annuity rates now available to him are less competitive.
5. Mr N says that the value of the Policy dropped after capital units in his fund were converted to accumulation units in the same fund.
6. Mr N says he has lost six months annuity payments.

Background information, including submissions from the parties

7. Amendments introduced by the Occupational and Personal Pension Schemes (Disclosure of Information) (Amendment) Regulations 2015 (**the Regulations**), require trustees/managers to provide certain information about flexible benefits where a member has an opportunity to transfer flexible benefits.
8. Where the Regulations apply, the information must generally be provided at least four months before the member's retirement date.
9. The Policy was held with Prolific Life & Pensions Limited before it became part of Phoenix Life.

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10. Mr N reached his SRD under the Policy on 15 September 2015. On 3 May 2016, Phoenix Life sent Mr N a retirement quotation with application forms to enable him to claim his benefits (**the May Quotation**).
11. There is no evidence to support the suggestion that Mr N did not receive the May Quotation.
12. On 28 May 2016, shortly after Phoenix Life issued a final reminder, Mr N replied requesting 25% of his fund as a lump sum (with the remainder being used to purchase an annuity). The following month, Mr N advised Phoenix Life that he had not decided on an alternative pension provider but it was likely he would choose Canada Life.
13. Phoenix Life says the first twelve monthly contributions under the Policy are used to purchase capital units, which attract higher charges, in order to recover some of the expenses over the term of the Policy.
14. Phoenix Life says it considers the Policy to have run its full term when it reaches the SRD. Phoenix Life says, at that point, the capital units should be converted to accumulation units (**the Conversion**) to ensure Phoenix Life stops deducting the higher charges that apply under the capital units. Phoenix Life says the Conversion takes place on a “no loss” basis.
15. Phoenix Life acknowledges that, due to an error in its systems, it failed both to notify Mr N that he was approaching his SRD and to send him the appropriate forms to enable him to select his options.
16. Phoenix Life says when it is in a position to pay out Mr N’s benefits it will ensure he does not lose out financially because of its maladministration.
17. Phoenix Life says, once Mr N has returned his retirement forms and indicated how he intends to use his funds, it will accurately assess any financial loss he has suffered, based on the Policy’s fund value at the date of his SRD.
18. Phoenix Life has additionally offered Mr N £300 for distress and inconvenience caused.
19. Mr N estimates his financial loss to be significant. He considers £18,212 to be reasonable compensation. He is not happy with the offer made by Phoenix Life.

Adjudicator’s Opinion

20. Mr N’s complaint was considered by one of our Adjudicators who concluded that no further award should be made because Phoenix Life has undertaken to put right any financial loss Mr N has suffered.
21. Mr N did not accept the Adjudicator’s Opinion and the complaint was passed to me to consider. Mr N has provided further comments but they do not change the outcome. I

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agree with the Adjudicator's Opinion, summarised above, and therefore, I will only respond to the key points made by Mr N for completeness.

22. The fact that Phoenix Life failed to provide Mr N with details about his benefits in advance of his SRD is not in dispute.
23. Mr N says he instructed an annuity specialist on 16 September 2016, to purchase an annuity on his behalf and the annuity will be secured with Canada life. Mr N says he has also written to Phoenix Life to obtain the necessary paperwork.
24. Mr N asserts that he has not received any evidence that he will be compensated and says Phoenix Life has not indicated how much compensation will be added to his fund.
25. I do not think that is right. Phoenix Life has said it will accurately assess and compensate Mr N for any financial loss incurred as a result of its maladministration, once Mr N returns his forms and indicates how he intends to take his fund.
26. As an assessment of financial loss cannot be carried out in advance of Mr N taking his benefits, I consider that it is appropriate for Phoenix Life to assess and make good any shortfall when Mr N's benefits are settled, and for Phoenix Life to notify him of any additional redress at that time. Phoenix Life has additionally offered Mr N £300 for distress and inconvenience. While I agree that this matter has caused Mr N distress and inconvenience I do not consider it warrants a payment of £500 – the minimum I award for non-financial loss.
27. Consequently, while I uphold Mr N's complaint, I consider Phoenix Life's offer of redress to be reasonable.

Directions

28. To put matters right, Phoenix Life shall, within 28 days of receiving Mr N's completed forms, make good any shortfall in Mr N's retirement benefits, if his benefits are found to be lower than those he would otherwise have secured from his SRD.

Anthony Arter

Pensions Ombudsman
10 October 2016