

## Ombudsman's Determination

Applicant	Mr R
Scheme	Burberry Retirement Savings Plan ( <b>the Plan</b> )
Respondent	Fidelity International ( <b>Fidelity</b> )

## Outcome

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

## Complaint summary

3. Mr R's complaint is that several parts of Fidelity's policies and processes, in relation to income drawdown, are inadequate. He believes it should change these in various ways, so it is easier for him to exercise his preferred option.

## Background information, including submissions from the parties

4. Originally, Mr R was a member of the Plan.
5. On 31 August 2017, after researching his benefit options, and discussing them with various parties, Mr R requested a retirement information pack from Fidelity.
6. On 9 September 2017, Fidelity sent Mr R the retirement information pack including the "Your Choices Guide".
7. On 31 January 2018, Mr R called Fidelity to discuss taking benefits from the Plan. During the call, Flexi-Access Drawdown (**FAD**) and Uncrystallised Funds Pension Lump Sum (**UFPLS**) were discussed. Mr R raised concerns that he had been given incorrect and contradictory information about the process for taking his benefits. He also raised concerns about Fidelity's account verification process. He asked to speak with a manager and Fidelity said it would arrange for a representative to call him.
8. On 1 February 2018, a senior member of staff at Fidelity called Mr R back to discuss the ID verification issue.

9. On 2 February 2018, a manager at Fidelity called Mr R to discuss the ID verification issue again. Mr R expressed concerns about credit checks it had carried out on the account he had nominated to receive his benefits. Fidelity said that these checks would leave only a “soft” footprint which would not adversely affect his credit rating.
10. On 5 February 2018, Mr R called and spoke with a representative of Fidelity and he raised concerns in relation to its complaints process. In particular, he said there was no formal method of raising a complaint.
11. On the same day, Mr R emailed Fidelity and raised several issues in relation to income drawdown, as well as Fidelity’s processes in general. He summarised his concerns under six complaint headings. Then he referred his concerns to this Office.
12. On the following day, Fidelity acknowledged Mr R’s concerns and provided further information in relation to its complaints procedure.
13. On 8 February 2018, Fidelity contacted Mr R, UFPLS was discussed and he confirmed he wished to proceed with this option. During the call, Mr R expressed concerns about having to discuss the risks of UFPLS again. On the same day, Fidelity posted retirement withdrawal forms to Mr R.
14. On 13 February 2018, Mr R called and spoke with Fidelity again, after receiving the retirement withdrawal forms. He expressed concerns that the tax implications of the income drawdown option had not been explained correctly.
15. On 13 March 2018, after investigating Mr R’s concerns under its complaints process, Fidelity issued its final response, rejecting Mr R’s complaint. In summary Fidelity said:-
  - It understood that Mr R was unhappy that Fidelity representatives were not fully aware of the different pension options and were providing incorrect information in relation to them. It apologised for giving incorrect information regarding the difference between FAD and UFPLS. Mr R was previously told he should use the former method; in fact, he needed to use the latter to take benefits in the way he wanted.
  - Mr R was also unhappy at being forced to re-visit his decision, every time he took benefits. Fidelity said its process was to issue a retirement pack dated in the last 12 months, as customers’ circumstances could change, and this would allow them to make an informed decision. After that, a personalised quotation and withdrawal form would be issued. Customers could then decide which option they wished to take and contact Fidelity to discuss this. Fidelity required signed consent forms to process a withdrawal; it felt this was correct, and in line with the regulator’s guidance.
  - Mr R was unhappy about the timeline and process for taking benefits using income drawdown, and the impact this had on investment opportunity. After Mr R had decided how he wanted to take benefits, Fidelity discussed this option with him over the phone. Whilst Mr R felt this was an unnecessary “sales call”, Fidelity felt that this process was

appropriate, as it had an obligation to ensure he fully understood the implications of his chosen option.

- Mr R was unhappy that there was no written process for determining the requirements of exercising the income drawdown option. But Fidelity felt its retirement information pack and “Your Choices Guide” provided sufficient information to allow members to make an informed decision. It also recommended that customers seek financial advice before making their decision, as well as directing them to the Government’s “Pension Wise” service. It felt this was appropriate and in accordance with its obligations.
- Mr R was unhappy with Fidelity’s method of validating bank accounts, and felt this should be reviewed. But Fidelity had an obligation to “know its customer” which involved carrying out further checks on the account Mr R had nominated. Whilst the first account could not be verified, he was able to nominate a second account; and, Fidelity’s attempt to verify the first account would not adversely affect his credit rating.
- Mr R was unhappy that there was no official method of raising a complaint. But in accordance with its regulatory obligations, Fidelity investigated any “expression of dissatisfaction” as a complaint, so customers did not need to make a formal complaint. Additionally, Mr R was able to make a complaint, which was investigated by Fidelity.

16. On 19 March 2018, Mr R emailed this Office with his further comments.

## **Adjudicator’s Opinion**

17. Mr R’s complaint was considered by one of our Adjudicators who concluded that no further action was required by Fidelity. The Adjudicator’s findings are summarised briefly below.
- Whilst Mr R was incorrectly told that he would lose the chance to take tax-free cash if he did not do so in one go, namely FAD, the Adjudicator said this information did not cause him a loss, as he did not proceed with that option.
  - Mr R also said Fidelity gave him incorrect information in relation to tax on several occasions between September 2016 and February 2018. But the Adjudicator said Mr R had not identified any financial losses caused by such information. However, the Adjudicator said he would re-consider this if Mr R could provide further information.
  - Whilst Fidelity’s process for putting income drawdown benefits into payment, might appear unnecessary to Mr R who had already researched his options, the Adjudicator did not believe this amounted to an administrative error. Whilst some customers knew what they wanted to do, others required more guidance. And Fidelity was required by the regulator to ensure it made its customers aware of the associated risks.
  - Mr R considered Fidelity’s processes for putting his benefits into payment were too slow, but the Adjudicator considered that it had issued a retirement pack promptly, in September 2017, following Mr R’s request in August 2017. Moreover, the Adjudicator

did not think Fidelity's process breached any specific rules or regulations. Finally, whilst Mr R was unhappy that it took significantly longer to withdraw benefits than to make contributions, the Adjudicator did not think that amounted to an administrative error.

- Fidelity provided a retirement pack and "Your Choice Guide" to help customers make an informed decision. It also signposted customers to the "Pension Wise" service. The Adjudicator said that not all Fidelity's customers would be satisfied with the information and guidance provided in relation to their options. But in his view, these documents and processes were a reasonable attempt to cover the needs of its customers, as well as its regulatory obligations. This level of provision of information did not amount to an administrative error.
  - The Adjudicator said Fidelity was required by the regulator to satisfy itself that accounts nominated by its customers, really did belong to them. This caused a delay in Mr R's case, as Fidelity was unable to verify the first account he nominated. But the Adjudicator did not think this caused a significant delay, as Mr R was able to nominate an alternative account. Nor did the Adjudicator think this amounted to an administrative error.
  - The Adjudicator was satisfied that Fidelity's attempt to verify Mr R's first account left only a "soft footprint", so no potential lenders would be able to see it, and it would not cause Mr R a loss by adversely affecting his credit rating. Therefore, Fidelity was not required to investigate this further.
  - The Adjudicator considered that Fidelity had correctly sought to address the main concerns Mr R had raised, and it told Mr R that he could refer his complaint to this Office, which was the correct process.
  - The Adjudicator explained that Fidelity was correct in that it was required by the regulator to investigate "expressions of dissatisfaction" under a formal complaints procedure. The Adjudicator considered that, in Mr R's case, when he raised concerns, they were answered appropriately within the timescales prescribed by the regulator.
  - The Adjudicator said that, in many ways, Fidelity's processes in relation to income drawdown had fallen short of Mr R's expectations. But he did not think that Fidelity had made any specific administrative errors. Nor had it breached any specific rules or regulations. And Mr R had not pointed to any specific losses, or suffered significant distress and inconvenience, as a result of Fidelity's handling of his queries in relation income drawdown, or its processing of his benefits.
18. Fidelity accepted the Adjudicator's Opinion and made no further comments. Mr R did not and the complaint was passed to me to consider. Mr R provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr R for completeness.

## Ombudsman's decision

19. Mr R says the facts of his case have not been considered fully and Fidelity's response is a "very carefully selected response... that masks the true facts". He also said the Adjudicator's response was "highly discriminatory". However, I find that the Adjudicator correctly set out the information he relied upon in forming his Opinion.
20. Moreover, Mr R has been given the opportunity to provide details of specific phone calls in which he was misinformed, and explain how this caused him a financial loss, or significant distress and inconvenience. However, he has only reconfirmed that he suffered stress, which is not in dispute; he has not provided specific information that would allow me to substantiate his claim that he was misinformed.
21. Further, Mr R says Fidelity has accepted responsibility for untrained staff, so this Office should investigate further. However, it is for the regulator to investigate issues such as general staff training; I will only award redress for financial loss, and/or significant distress and inconvenience, where it results from specific administrative errors. As has been explained, there is insufficient evidence of such errors in this case.
22. Mr R says that his choices in relation to income drawdown are being "obstructed by incompetence, miscommunication, misinformation, and completely unacceptable timelines," by Fidelity. However, whilst I appreciate that Mr R is unhappy with various aspects of Fidelity's policies and processes with regard to income drawdown, I do not find that there have been specific administrative errors in relation to its process.
23. In addition, Mr R considers that this Office should review both the information Fidelity provides in relation to its income drawdown process, and the time it takes for income drawdown benefits to come into payment. However, I do not find Fidelity's policies or processes in relation to income drawdown breach any specific rules or regulations with regard to functionality or timescales. Nor do I find that Mr R has experienced unreasonable delays receiving his benefits.
24. Finally, Mr R says the "Pensions Advice Service" is not permitted to give customers advice; it can only point out available options. The Adjudicator actually referred to the Government's "Pension Wise" service. However, regardless of the service to which Mr R was referred, I accept Mr R is unhappy with the level of information and guidance Fidelity provided in relation to the various pension options, but, I find its provision of information and guidance to be appropriate in the circumstances; I do not find that it falls short of any regulatory obligations, nor that it amounts to an administrative error.
25. The service Mr R has received from Fidelity has fallen short of his expectations in various ways. However, I do not find that it has made any administrative errors that have caused him either specific financial losses, or significant distress and inconvenience.

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26. Therefore, I do not uphold Mr R's complaint.

**Anthony Arter**

Pensions Ombudsman

29 June 2018