

The complaint

Mr and Mrs W complain on behalf of a trust they set up to hold an investment savings plan. Their complaint is about delays when surrendering the plan. Responsibility for that activity now sits with Phoenix Life Limited.

What happened

In response to this complaint, Phoenix Life accepted there had been a delay acting on the instruction to surrender the plan. They said some of this was because they needed Mrs W to confirm her address. But they noted they had everything they needed by 6 November 2020, and then hadn't acted on the surrender of the investment until 30 November.

Phoenix Life offered to pay the equivalent of 8% simple interest on the funds for the period they felt it had been delayed. They worked out this would be £28.09. They also offered Mr W £100 compensation to acknowledge the trouble and upset caused by the delay.

Mr W wasn't happy with this, so he and Mrs W brought the complaint to us. But our investigator felt Phoenix Life's offer did enough to put things right. He felt it was fair for them to use the value the investment had on 6 November to work out what Mr W should receive, even though this was less than the value the investment had later in the month.

Mr W didn't accept that view, so the complaint has come to me for a formal decision.

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.

Having done so, I've decided Phoenix Life's offer does do enough to put things right here. I'll briefly explain why.

It's not disputed there's been a delay here. I accept Phoenix Life's position that the time taken from mid-October – when Mr W first asked to surrender the investment – and early November was needed to confirm the paperwork was all correct. Doing that keeps account secure, so it's reasonable for Phoenix Life to have spent some time doing it.

But I acknowledge that Phoenix Life had everything needed to go ahead with the surrender from 6 November. So that's when they should have taken the action needed to do that.

It was unreasonable that it took Phoenix Life longer than it should to act on the instruction. But once they did, I can see they used the value the investment would have had, if there'd been no delay. A big part of this complaint is deciding whether that was a fair approach.

Putting things right

I appreciate Mr W would prefer if the later value of the investment was used to work out what he should receive. But I think he only feels that way because that value is higher. If the investment's performance had gone the other way, I don't think he'd consider that quite so

fair. He'd effectively be being penalised because of Phoenix Life's delay.

At least this way, Mr W is in the position he would have been in if there hadn't been the delay. I consider that the fairest way to go about putting that part of things right.

Looking at the rest of Phoenix Life's offer, the 8% simple interest they've applied for the time the delay added before Mr W received the money is in line with our standard approach. It reflects that the trust's beneficiary wasn't able to access and use the money to potentially achieve some sort of gain, without trying to get too specific about what would have actually been done with the money if there'd been no delay. I find that's suitable here.

The other impact then is as Phoenix Life have identified – the trouble and upset caused for Mr W. I note Mr W's comments on this point, and his frustration at what he feels was inaccurate information from Phoenix Life when he called them.

But I'm also conscious we're not talking about a prolonged delay here. The whole matter seems to have been sorted out in a couple of months. And I can't see there was a background need for the money that was being made more desperate by the delay.

So I find the £100 Phoenix Life put forward to compensate Mr W personally is the right figure to use here. I'll just note though that this part of the compensation is for Mr W personally, as it was him who seems to have been caused the trouble and upset. The rest of the remedy – the 8% interest – is for the trust itself, to ultimately benefit its beneficiary. It was they who would otherwise have had use of the delayed funds.

My final decision

I've decided to uphold Mr and Mrs W's complaint about Phoenix Life Limited. To put things right, Phoenix Life Limited should pay the trust the simple interest it previously offered, and pay Mr W £100 compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W as the trustees of the W Trust to accept or reject my decision before 29 June 2022.

Paul Mellor
Ombudsman