

The complaint

Mrs H complains that she was given misleading information about her pension by Phoenix Life Limited.

What happened

Mrs H has a section 32 plan with Phoenix Life, which provides a Guaranteed Minimum Pension (GMP).

In 2021, Phoenix Life wrote to Mrs H and her independent financial adviser (IFA) about her options as she approached retirement. Mrs H and her IFA understood from Phoenix Life's correspondence that Mrs H would be able to transfer her pension to another provider if she wished.

Phoenix Life then sent Mrs H her retirement pack in September 2021. This confirmed that the only options available were for Mrs H to take the pension as income, or to defer taking it. Mrs H complained to Phoenix Life as she thought it had previously led her to believe she could transfer her pension elsewhere.

Phoenix Life accepted that one of its letters had included a sentence that was misleading. It apologised for this and offered Mrs H £150 compensation, plus £50 compensation for the delay in responding to her complaint. Unhappy with this, Mrs H brought her complaint to this service.

Our investigator agreed that one of Phoenix Life's letters had been misleading, but thought the compensation offered by Phoenix Life was reasonable in the circumstances.

Mrs H didn't accept our investigator's findings, and so the matter has been passed to me for a 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.

Although Phoenix Life offered Mrs H £50 compensation for the delay in responding to her complaint, Mrs H hasn't complained about this. Therefore, this decision focuses on whether Phoenix Life misled Mrs H about whether she could transfer her pension.

In 2016, Mrs H's IFA requested the transfer value of her pension. Phoenix Life confirmed this, but said that transfer to a money purchase scheme was not permitted as the estimated cost of providing the GMP was greater than the transfer value.

On 15 May 2021, Phoenix Life wrote to Mrs H in advance of her retirement date. It said her retirement options '*can include the...options listed*', one of which was transferring pension benefits to another provider. I think it's clear this was a generic letter, and so wouldn't have led Mrs H to think she could definitely transfer her pension elsewhere.

In June 2021, Phoenix Life wrote to Mrs H's IFA and that letter included a current transfer value, though it said this was not guaranteed. I think this letter could have been clearer that a transfer to another scheme was not permitted, but it didn't say that Mrs H could transfer her pension elsewhere.

Then on 7 September 2021, Phoenix Life again wrote to Mrs H's IFA. This letter again gave a transfer value (again, not guaranteed). Phoenix Life confirmed a retirement pack would be issued to Mrs H around 10 weeks before her normal retirement date, and would state what was required to actively defer the retirement benefits. The letter then said, '*in active deferment benefits can still be transferred out if applicable*'. This does suggest that Mrs H could transfer her pension elsewhere if she deferred taking her pension.

However, a few weeks later (on 23 September 2021), Phoenix Life sent Mrs H a letter specific to her pension. This explained her two options were to take the pension as income, or defer taking it.

Therefore, although I agree that Phoenix Life's correspondence of 7 September 2021 was misleading, soon after this Mrs H was made aware of the options available to her (which didn't include transferring her pension).

Mrs H accepts she has not been financially affected by the matter, but says she has suffered extreme mental and emotional distress as her hopes of transferring her pension were destroyed. She wants Phoenix Life to allow her to transfer her pension to another provider.

Phoenix Life has confirmed that it cannot transfer Mrs H's pension to another provider. That's because the value of her pension is below the amount needed to fund the GMP, and Phoenix Life is legally required to make up the shortfall (another provider would not be required to do so). Therefore, the pension needs to remain with Phoenix Life.

Whilst I appreciate Mrs H was disappointed to learn she could not transfer her pension to another provider, I'm satisfied that Phoenix Life's offer of compensation was reasonable in the circumstances. This takes into account that Phoenix Life provided clarity to Mrs H about her actual options around two weeks after its misleading letter of 7 September 2021.

My final decision

My final decision is that Phoenix Life Limited has offered appropriate compensation to settle the complaint. If it hasn't already done so, Phoenix Life Limited should pay Mrs H the compensation offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 17 April 2023.

Chantelle Hurn-Ryan
Ombudsman