

The complaint

Mr R complains that Phoenix Life Limited (Phoenix), his personal pension provider, caused delays to the payment of his pension funds.

What happened

Mr R first contacted Phoenix on 20 February 2023 to claim the benefits from two small pension policies held with it. At this point, a change of address also needed to be processed for Mr R.

Phoenix said it updated its records. And sent a retirement illustration pack for the combined policies to Mr R's correct new address on 21 February 2023.

Mr R called Phoenix again on 27 February 2023 to complete the second stage of the retirement process. He wanted to fully encash both of his policies. Phoenix unsuccessfully attempted to transfer Mr R to its customer care team to go through the retirement process. But told him he would get a call back within 48 hours. Mr R didn't want to wait this long so Phoenix gave him the phone number so he could contact the appropriate team directly.

Mr R completed the application forms on 28 February 2023. The forms included his correct address. Phoenix said it received the completed application to cash in both policies on 2 March 2023. But that as the values of the policies had fallen by more than 5%, Phoenix called Mr R on 6 March 2023 to see if he still wanted to go ahead with the encashment. Mr R said he still wanted to proceed. Phoenix said his claim was settled on 9 March 2023.

Phoenix sent Mr R two cheques in respect of the encashments on 9 March 2023. But the cheques were sent to an incomplete and incorrect address.

As Mr R didn't receive the incorrectly addressed cheques, he called Phoenix on 22 March 2023 to chase his payment. He asked for payment to be made by bank transfer instead. Phoenix said it set up the work so that it could re-issue the payment. But said that no action was taken because it had appeared to the team working on the claim that it had been paid on 9 March 2023, as there was no note on file that the cheques hadn't been received.

Mr R contacted Phoenix again on 27 March 2023 because he still hadn't received payment. The call handler confirmed it'd used an incorrect, slightly different address. And this was why the cheques hadn't reached Mr R. They apologised to Mr R and corrected the address held for him.

Phoenix also told Mr R that it would have to cancel the cheques it'd issued to the wrong address before it could re-issue the payments. And that this should be done within ten working days.

Mr R was unhappy with the poor service he'd received. The call handler offered him £100 compensation to resolve his concerns. Phoenix's phone notes recorded that Mr R had accepted that this resolved his complaint. Phoenix said that it didn't log a formal complaint because of this. But it sent Mr R a final response letter on 28 March 2023, confirming the

proposed resolution of the complaint. And had paid Mr R £100 on 30 March 2023.

Mr R was unhappy with the service he'd received. So on 27 April 2023, he brought his complaint to this service.

I understand Phoenix sent Mr R the two outstanding cheques for the encashment of both of his policies on 2 May 2023.

Our investigator didn't think Phoenix should be asked to take any further steps to resolve Mr R's complaint. He acknowledged that it'd delayed the encashment of Mr R's pensions when it'd sent the 9 March 2023 letters to the incorrect address. And that it'd failed to action Mr R's request for the encashment payment to be made by bank transfer, causing further delay. He felt this had caused three weeks' delay. And said that as the delay hadn't caused Mr R any financial loss, he felt that the £100 compensation Phoenix had paid him was fair and reasonable under the circumstances.

Mr R didn't agree with our investigator. He felt that Phoenix had been incompetent in its handling of his payment at all stages. And that the £100 compensation wasn't sufficient for the stress it'd caused him.

As agreement couldn't be reached, the complaint came to be for review.

I issued my provisional decision on the complaint on 25 September 2023. It said:

I've considered all the evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I intend to uphold it. I agree with our investigator that the delays Phoenix caused didn't change the amount of Mr R's claim, so he's made no financial loss. But in my view, Phoenix caused a delay of almost eight weeks to the payment of Mr R's claim, not three weeks – it should've been sent to his correct address on 9 March 2023, but it wasn't sent to that address until 2 May 2023.

I also consider that it took Mr R a reasonable amount of effort over several weeks to actually obtain payment. Therefore I consider that Phoenix should increase its offer of compensation for the distress and inconvenience it has caused by £100. I also consider that it should pay Mr R interest for the loss of use of his money over the period of the delay it caused. I'll explain the reasons for my decision.

How long was the delay caused by Phoenix?

I've not seen any evidence that Phoenix caused any delays before it sent the first two cheques to the incorrect address on 9 March 2023.

From what I've seen, Phoenix then failed to action Mr R's request for the payment to be made by bank transfer. So replacement cheques were only sent to Mr R on 2 May 2023.

There are almost eight weeks between 9 March 2023 and 2 May 2023. So I consider that this is the length of the delay that Phoenix caused. I say this because it's clear that if it had correctly recorded Mr R's address change, the 9 March 2023 letter would've reached Mr R.

I next considered if the delays caused Mr R a financial loss.

Did the delays cause Mr R a financial loss?

Mr R received the same payment in the 2 May 2023 letter as he would've received if the 9 March 2023 letter had reached him. So I agree with our investigator that the delay didn't cause him any financial loss.

However, Mr R was deprived of the use of his money over the period of the delay. Therefore I consider that Phoenix should pay Mr R interest to compensate him for the loss of use of his full encashment for a period of almost eight weeks.

I next considered the distress and inconvenience the delay has caused Mr R.

Distress and inconvenience

Mr R has also clearly had to make some effort over several weeks in order to receive his cash. From what he's told this service, this has caused him stress.

On 27 March 2023, Phoenix offered Mr R £100 compensation for the distress and inconvenience the delay had caused him. But from what I've seen, it didn't then pay him his money until 2 May 2023. So I consider that additional compensation is warranted here.

I intend to require Phoenix to take the following steps to put things right:

- *Pay Mr R an additional £100 compensation for the stress and inconvenience the further delays, after 27 March 2023, to the payment of his cash caused him.*
- *Calculate 8% annual simple interest on the cash payment from 9 March 2023 to 2 May 2023. And pay Mr R the amount of interest so calculated.*

Response to my provisional decision

Phoenix accepted my decision.

Mr R didn't respond to my provisional 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.

As no new information has come to light, I remain of the view I set out in my provisional decision.

Putting things right

I require Phoenix Life Limited to take the following steps to put things right:

- Pay Mr R an additional £100 compensation for the stress and inconvenience the further delays, after 27 March 2023, to the payment of his cash caused him.
- Calculate 8% annual simple interest on the cash payment from 9 March 2023 to 2 May 2023. And pay Mr R the amount of interest so calculated.

Income tax may be payable on any interest paid. If Phoenix deducts income tax from any interest it should tell Mr R how much has been taken off. Phoenix should give Mr R a tax deduction certificate in respect of interest if he asks for one, so he can reclaim the tax on interest from HM Revenue & Customs if appropriate.

My final decision

For the reasons set out above, I uphold Mr R's complaint. Phoenix Life Limited must take the actions detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 7 November 2023.

Jo Occleshaw
Ombudsman