

The complaint

Mr S complains that Financial Administration Services Limited (FAS) permitted him to withdraw his pension savings without making him fully aware of the tax implications.

What happened

Mr S had a Pension Drawdown account with FAS. He says that due to how his account was performing he'd converted it all into cash. In November 2022 he decided to withdraw all of the funds from his account and do something else with the money to try to get a better return. He says he wasn't being paid any interest on the money in his pension drawdown account.

Mr S telephoned FAS and explained what he wanted to do.

Mr S says that during the phone call he was told he could complete his request online. He didn't know how to do this, so he asked FAS to assist him and its call handler guided him through its online process. As a result, Mr S withdrew his funds which resulted in him paying higher rate tax. He says he could have avoided this if FAS had done more to make him aware of the implications of taking a large sum in one go.

He complained to FAS.

FAS initially told Mr S that there had been a "bit of negligence" on its part. But after investigating his complaint it said it hadn't done anything wrong. It said it had told him it could not give him a percentage figure of how much tax would be charged. It had told him the amount of tax deducted from the payment would be based on his tax code. Mr S had asked to be shown how to complete his request online and FAS had helped him to do that.

FAS said it was an execution-only platform.

Mr S did not agree. He referred his complaint to our service. Our investigator looked into his complaint. He thought that FAS hadn't acted unfairly or unreasonably. FAS had made it clear to Mr S that the withdrawal would be taxed based on his income tax code. FAS hadn't given him any advice because it offered an execution-only service. It was not for FAS to calculate the amount of tax he would have to pay because that would be dependent on Mr S's tax code and his other income.

Mr S didn't agree. He said he still believed FAS could've been a lot more vigilant and told him that his tax code would change as a result of the withdrawal.

Because Mr S didn't agree, the complaint was passed to me to decide. I issued a provisional decision in which I said:

What I've provisionally 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.

Mr S transferred his pension to FAS at the end of 2021. At that time he decided to take the maximum tax free cash amount from his pension. FAS has provided information about what he was told at that time – which I've set out below by way of further background. I would point out however that although he was given information at the end of 2021 that doesn't mean FAS didn't have to repeat that information to him again when he asked to drawdown the remainder of his pension – a year later. I've commented further on that below.

November 2021

I've listened to the telephone call Mr S had with FAS in November 2021. During the call FAS asked him if he'd taken any advice – whether from a regulated adviser or Pension Wise. He said he hadn't taken any advice although he did have details about Pension Wise.

FAS said it wasn't mandatory for him to take advice – but it did highlight the importance of taking advice. It then explained that it offered two types of service – an advisory service and a guided service. It charged for the advisory service. Mr S said he was happy enough with the guided service. FAS also explained the different options available to Mr S including annuities and drawdown.

Mr S explained he had another pension – which was his main pension - and would also shortly get his state pension. He hoped to be able to live off his main pension and his state pension. So, he'd decided to take the maximum tax free cash from his other policies (the ones he was transferring to FAS) and then leave the balance to grow. He intended to put the tax free cash somewhere where it would earn interest but where he'd be able to access it as and when he needed to.

During the call Mr S did make some enquiries about tax. FAS told him:

- if he was investing the tax free cash amount he should consider charges, taxes and returns versus leaving the money in the SIPP; and*
- after he'd taken the maximum tax free cash amount, any further withdrawals would be taxable. It also told him that an emergency tax code can be applied.*

Having listened to the call, I'm satisfied that FAS provided Mr S with enough information to allow him to make an informed decision about the transfer he was proposing to make and his decision to take the maximum tax free cash amount at that time.

November 2022

Mr S contacted FAS again in November 2022. He explained he wasn't happy with how his pension was performing and he wanted to take it all out. He thought he'd get better returns in an interest bearing account.

When considering whether a business has acted fairly and reasonably we take into account the law, codes and good practice. So, when considering what happened in November 2022 I've thought about the regulations that applied here – some of which had been in place since 2015 and some of which were introduced in June 2022. The new regulations are sometimes referred to as the "Pensions Nudge." The purpose of these regulations is set out in the Financial Conduct Authority (FCA) Handbook in the Conduct of Business Sourcebook (COBS).

COBS 19.7.4 explains that the purpose of the Rules is to ensure that a firm which is communicating with a client, when the Rules are triggered, explains the nature and purpose of pensions guidance, encourages the client to receive pensions guidance and gives him appropriate retirement risk warnings - at the point in time when the

client decides how to access his pension savings. This applies even though the firm is offering an execution-only service.

COBS 19.7.7 R sets out when the Rules are triggered. This includes when the client has decided to “receive a one-off, regular or ad-hoc uncrystallised funds pension lump sum payment.”

When Mr S telephoned FAS in November 2022 he said he wanted to withdraw all of his pension. As mentioned above, his pension was already in drawdown because he’d withdrawn the 25% tax free amount a year earlier. In November 2022 Mr S wanted to receive a one-off lump sum payment for all of the residual value in his SIPP. So, I’m persuaded that the Rules in COBS 19 were triggered at the point in time when Mr S telephoned FAS on 23 November 2022.

Having read the transcript of that call, I’m satisfied that FAS did not explain the nature and purpose of pensions guidance nor did it tell Mr S such guidance could be accessed free of charge. It did not mention Pension Wise to him nor tell him about the services it provided. It did not tell him he could take regulated advice at his own cost and it did not offer to book an appointment for him to receive pensions guidance.

Although FAS had talked to him about these matters a year earlier, I don’t think it was fair or reasonable, or in line with regulatory guidance, to not raise this matter again with him – especially when he’d made clear that he wanted to withdraw all of his pension to invest it in an interest bearing account and he didn’t fully understand the tax implications.

The regulatory rules also required FAS to give Mr S appropriate retirement risk warnings. FAS didn’t communicate or signpost the retirement risk warnings to Mr S at the time when he requested the one-off lump sum payment. Examples of the sorts of risk factors which should be included in the retirement risk warnings include information about the tax implications of the proposed course of action.

Given that Mr S said he wanted to withdraw all of his pension so that he could put it into an interest bearing account, I’m not persuaded it was enough for FAS to say during the telephone call that the payment would be taxable and Mr S should make sure HMRC had his correct tax code. I’ve noted that the document “Essential Information to help make your choice” (had Mr S been required to read it) did include an additional warning:

“Taking a large amount from your pension could move you into a higher tax bracket. Our online pension tax calculator can help you see how much tax you might pay on your withdrawals”

During the call Mr S was not given this warning.

FAS has explained that on the App – which Mr S used to request the payment online – there is a hyperlink to the essential information leaflet which in addition to the warning set out above also includes various other warnings and provides information about the Pension Wise Service.

When thinking about what FAS has said here, I’ve taken into account the FCA Handbook guidance which indicates that where the client is using the internet the retirement risk warnings should be displayed on a screen which the client must access and acknowledge as part of the process. So, I’m not persuaded that a hyperlink on the App would have provided sufficient information. I’ve also noted that

during the call Mr S was not asked to click on the hyperlink to look at the leaflet, nor was he given any verbal information about what was contained in that leaflet or why it was important to look at it.

So, I don't think it is fair or reasonable to say that the information in the leaflet was brought to his attention before he clicked on the "Submit" button to withdraw all of his pension.

Mr S says that if FAS had said to him – "Just hang on a minute and let me explain..." he wouldn't have proceeded in the way that he did. He says he wasn't desperate for the money – he just wanted to try to earn a bit more interest on it.

Having considered everything I'm persuaded, on balance, that had FAS encouraged Mr S to take pensions guidance before going ahead and given him the retirement risk warnings, he would have been better informed and I don't think he would have proceeded in the way that he did.

What I've provisionally decided needs to be done to put things right

I think it's likely Mr S would still have wanted to withdraw his pension as soon as he could because he'd lost faith in the returns it was producing. But I've provisionally decided it's likely he would have done that in a managed way, over a number of years, to minimise the amount of tax he'd have to pay.

I've reached that view mainly because Mr S has told us he had other pensions he could rely on and had no need to access the lump sum he was intending to withdraw from the pension he held with FAS. He wasn't desperate for cash. His purpose in approaching FAS in November 2022 was to move his savings into an interest bearing account where he thought he would get a higher return. He wasn't getting any interest on the pension held with FAS. He's also told us he thought he'd lose 20% tax and he was willing to bear that tax charge to achieve his overall objective.

So, having considered everything, I think it's likely Mr S would have withdrawn his pension in a managed way - over a number of years so as to avoid higher rate tax.

As mentioned above, Mr S had other pensions and was also in receipt of his state pension – so it's unlikely that he could avoid paying basic rate tax on any withdrawals from his pension with FAS. For that reason I think it's fair and reasonable to assume that 20% can be used for his tax band.

Our service tries to resolve complaints quickly and with minimum formality. With that in mind, I've noted the following:

- The gross amount paid to Mr S by FAS was £125,553.94
- If he'd paid 20% tax on this amount (which, as set out above, is what I've assumed is his tax bracket, he would have paid - £25,110.79 (I'll refer to this as "A")
- Instead he paid £42,698.03 (I'll refer to this as "B")
- Mr S will need to confirm, by way of response to this provisional decision, whether he received any refund of tax from HMRC and provide evidence to support what he says. I'll refer to the amount of any tax refund as "C".

So I've provisionally decided that FAS should take the following action to resolve this complaint:

- Pay Mr S an amount equal to (B minus C) minus A

Mr S has also experienced distress and inconvenience as a result of what happened.

He's explained how shocked he was when he realised how much tax had been taken from his pension payment and he's told us he felt "mentally drained". I can understand why he would've felt that way. In order to compensate Mr S for the distress and inconvenience he experienced, I've provisionally decided FAS should pay him £100.

My provisional decision

For the reasons given above, my provisional decision is that I intend to uphold this complaint about Financial Administration Services Limited.

I intend to require it to take the actions set out above to resolve this complaint.

Mr S responded to my provisional decision. He said he agreed with the decision and provided evidence to show he'd received a refund of £431.80 from HMRC in July 2023.

FAS also responded to my provisional decision. It disagreed with what I'd said. By way of summary, it said:

- COBS 19.7.7R was only triggered when a customer was crystallising a plan from uncrystallised benefits. It did not apply here where Mr S had already crystallised his benefits when he accessed his pension savings in 2021 and had opened a Pension Drawdown account.
- COBS 19.7.3R made clear that where the retirement risk warnings had already been given, there was no requirement to repeat the risk warnings in circumstances where FAS had reasonable grounds to believe that the risk warnings were still appropriate. FAS had already given risk warnings about tax when Mr S crystallised his funds in January and March 2022 and again in October 2022 during a telephone conversation with Mr S. Mr S did not make it aware of any change in his circumstances.
- FAS referred to the fact Mr S had confirmed he'd read the client terms (which included warnings about tax) and it also told him again about Pension Wise in his annual pension benefit statement dated April 2022.
- FAS had checked its records to see if it could locate any other calls Mr S had made to it in the period prior to the telephone call in November 2022. It said there were two other calls it wanted us to consider. It apologised for not having provided these calls to our service previously. During these calls Mr S had raised questions about tax. FAS says it told him on each occasion that the amount of tax he would pay would depend on his tax code and suggested he contact a tax advisor.
- In relation to the proposed compensation FAS said it was possible Mr S could never have achieved 20% tax on the withdrawal unless he staggered it over a significant number of years. It said on balance it believed Mr S would still have taken the funds out regardless of the tax implications.

So, I considered the responses from both parties and also the additional information provided by FAS. I issued a second provisional decision in which I said:

What I've provisionally 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.

First, I've reconsidered the Rules in COBS 19.7 which I'd referred to in my provisional decision. I've taken into account what FAS has said about how those

Rules should be interpreted. Having done so, I can understand why FAS has said that the Pensions Nudge rules do not apply where a customer has already opened a drawdown account. And, having read FAS's detailed submission concerning this, I'm persuaded, on balance that those Rules did not apply in relation to the actions Mr S wanted to take in November 2022 when he wanted to withdraw the residual balance from his drawdown account. So, in that respect, I've changed the reasons for my view, as set out in my provisional decision, about the application of these Rules.

Nevertheless, having reconsidered everything again, including the additional telephone recordings which FAS has now provided, I'm still not persuaded that FAS has acted fairly and reasonably in this case. I've set out below the reasons why I've reached that view:

The information exchanged during the telephone calls

I've listened carefully to the three telephone call recordings. During the call in October 2022, Mr S expressed concerns about how his investments were performing. He was aware that markets were difficult and he asked FAS to tell him what his options were. FAS indicated he could convert his investments into cash and he'd earn 0.7% interest (which it described as a "very small amount of interest"). It told him this would put his investments 'on hold' for now and he could then reinvest it in the future. Alternatively he could consider switching to a different fund where he might get better returns.

Mr S said he wanted to switch all his funds to cash and the transaction was completed during the telephone call.

At the end of the call Mr S asked whether the government would still take 20% tax, eventually, if he was to draw the whole amount in cash. He was told that the amount of tax he would pay would be completely dependent on his own tax position. He was given the tax code FAS held for him and the adviser suggested he could go to HMRC or consult a tax adviser if he wanted to check this further. I'd just comment that at this stage Mr S had not made a decision about whether to withdraw all of his pension savings. So, although FAS told him he could go to HMRC or a tax adviser, I can understand why he didn't do that at this time.

The second call took place on 17 November 2022. During this call Mr S again said he wanted to speak to someone about his options. He expressed concerns about how financial markets generally were performing. He specifically asked FAS whether he'd pay 20% tax if he withdrew the money from his drawdown account. FAS said it wasn't sure how much tax he'd pay - it would depend on his tax code. There was then further discussion about costs to close the account and whether FAS offered Cash ISAs (Individual Savings Accounts).

At the end of the call Mr S stated his understanding which was that if he took half of the cash out of the drawdown account and invested the rest in stocks and shares he would "pay 20% (tax) obviously on the cash." The adviser confirmed that he would still be eligible to pay tax when he ultimately withdrew the money into a bank account – even if he initially invested half of it in stocks and shares. He didn't comment on how much tax he would have to pay. I've also noted that FAS didn't refer Mr S to the Essential Information document or the pension tool tax calculator – both of which he could have accessed on FAS's website. FAS also didn't tell Mr S, as stated in the Essential Information document, that taking a large amount from his pension could move him into a higher tax bracket. Given the value of his pension savings that was

something I think it's fair and reasonable to have expected FAS to have alerted him to.

I'll comment further below about how FAS usually made this type of information available when a customer decided to make a withdrawal from a pension drawdown account.

Having considered everything, I'm not persuaded, on balance, FAS did enough when it told Mr S during these telephone calls that the amount of tax he'd have to pay depended on his tax code – especially when Mr S repeated during each call that he (erroneously) thought that meant he'd have to pay 20% tax irrespective of how much cash he withdrew. I'm persuaded that in these circumstances, it would have been fair and reasonable for FAS to have done more. For example, it could have referred Mr S to the Essential Information document and informed him about the self-help tools (such as the pension tax calculator tool) available on its website. And, given the amount Mr S was thinking about withdrawing here, I think it's also fair and reasonable to have expected FAS to have alerted him to the fact that taking a large amount from his pension could move him into a higher tax bracket.

As mentioned above FAS did tell Mr S that the amount of tax he would have to pay on any withdrawal of cash would depend on his tax code and it did suggest during the first call that he could take his tax code to HMRC or a tax adviser to find out how much tax he'd have to pay. And, it is important that consumers, once they've been given the necessary information, take responsibility for their own decisions. However, having listened to all three calls, for the reasons set out above, I'm not persuaded, on balance, FAS did enough here to support Mr S to make a well-informed decision before he made the withdrawal on 23 November 2022.

The information and support FAS provided when a customer wanted to make a withdrawal using its online service.

As explained in my provisional decision, when considering whether a business has acted fairly and reasonably we take into account the law, codes and good practice.

So, I've considered the Principles set out in the FCA Handbook. The FCA expects firms to adhere to these Principles when dealing with retail customers. I've then also thought about the practice FAS itself applied, in terms of making information and support available, when a customer wanted to make a withdrawal from a drawdown account using FAS's online service.

FCA Principle 6 requires firms to pay due regard to the interests of their customers and to treat them fairly. FCA Principle 7 requires firms to have due regard to the information needs of their customers and to communicate information to them in a way which is clear, fair and not misleading. These Principles applied both before and after the drawdown account was opened.

As mentioned above, when thinking about how FAS communicated with Mr S, I've looked in particular at the standards it set for itself in the event that a customer wanted to make a withdrawal from a drawdown account using its online (execution-only) process. The online process provides a useful insight into what FAS itself thought it should do when a customer wanted to make a withdrawal – in terms of the information needs of its customers. I've looked at how FAS made certain information available during the online process.

The information on the screen included the following:

*“Before you make a withdrawal from this account:
- Please read the essential information document for retirement
income...”[hyperlink to the Essential Information Document]”*

I’ve looked at the information in the Essential Information document and it includes the following wording:

*“Check the tax you will pay
You can normally withdraw up to 25% of the value of your pension savings without paying tax, but further withdrawals will be taxable. Taking a large amount from your pension could move you into a higher tax bracket. Our online pension calculator can help you see how much tax you might pay on withdrawals. Go to [fidelity.co.uk/pension tools](https://fidelity.co.uk/pension-tools).”*

The webpage referenced in the Essential Information document includes a pension tax calculator tool. This is designed to help customers understand how much tax they might have to pay on money they take from their pension. It provides a guide to how much tax might have to be paid – it doesn’t provide a precise calculation and doesn’t provide tax advice. Customers are told to discuss any queries with HMRC or their tax adviser.

Having considered the information available on the online withdrawal screens, I’m persuaded that FAS itself thought it was important to tell customers to read the Essential Information document before making a withdrawal. It provided a hyperlink to that document which contained more information specifically about the tax that might have to be paid and provided a link to a self-help tool which would have enabled the customer to use a pension tax calculator – if he so wished. I’m satisfied therefore, on balance, that FAS itself thought it was fair and reasonable to make this type of additional information and support available when a customer wanted to make a withdrawal from a drawdown account.

I’ve then compared the level of information and support Mr S was afforded when he telephoned FAS on 23 November 2022 and made the withdrawal during the telephone conversation. In particular I’ve noted the following:

- *FAS told Mr S that “obviously” he’d have to pay tax on the amount he intended to withdraw because it was around £125,000;*
- *Mr S thought the tax would be at 20%;*
- *FAS said it didn’t have an exact percentage that Mr S would be taxed but it would depend on his tax code;*
- *FAS guided him through the online withdrawal screens by telling him where he should click.*

FAS did not read the information that appeared on the screens to Mr S nor did it tell him that he should read it. It did not suggest that he should refer to the Essential Information document or read it before making the withdrawal. It did not tell Mr S about the pension tax calculator tool – even though he’d specifically asked about tax. As I’ve stated above, I don’t think it was enough to tell him that the amount of tax he’d have to pay depended on his tax code.

Instead, during the call FAS simply told Mr S what buttons to click, even though it appears this may have been Mr S’s first visit to this particular online screen.

So, applying FAS's own standards concerning the degree of information and support it would usually have made available to a customer who wanted to make a withdrawal from a drawdown account, I'm persuaded that the information it provided to Mr S fell short of that standard. And, although I've taken on board and accepted what FAS says about its interpretation of the Rules in COBS 19.7, I haven't currently changed my view, for the reasons set out above, that this complaint should be upheld. I also haven't changed my view about the actions I intend to require FAS to take to resolve this complaint.

What I've provisionally decided needs to be done to put things right

As I said in my first provisional decision, I thought it was likely Mr S would still have wanted to withdraw his pension as soon as he could because he'd lost faith in the returns it was producing. In its response FAS also agreed with that view.

I also provisionally decided it was likely Mr S would have done that in a managed way, over a number of years, to minimise the amount of tax he'd have to pay. I remain of that view.

I also noted that Mr S had other pensions and was in receipt of his state pension – so it's unlikely he could avoid paying basic rate tax on any withdrawals from his pension with FAS.

For that reason I thought it was fair and reasonable to assume that 20% could be used for his tax band. Although FAS says that it's possible Mr S would never have been able to achieve 20% tax on the withdrawal, unless he staggered it over a significant number of years, I've not been provided with any evidence that he was a higher rate taxpayer at the time. During the telephone calls Mr S repeatedly referred to paying tax at 20%. So, I remain of the view that it's fair and reasonable to assume that 20% can be used as his tax band for the purposes of this decision.

As I said in my provisional decision, our service tries to resolve complaints quickly and with minimum formality. With that in mind, I noted the following:

- *The gross amount paid to Mr S by FAS was £125,553.94*
- *If he'd paid 20% tax on this amount (which, as set out above, is what I've assumed is his tax bracket, he would have paid - £25,110.79 (I'll refer to this as "A")*
- *Instead he paid £42,698.03 (I'll refer to this as "B")*
- *Mr S will need to confirm, by way of response to this provisional decision, whether he received any refund of tax from HMRC and provide evidence to support what he says. I'll refer to the amount of any tax refund as "C".*

Mr S told us he received £431.80 by way of tax refund in July 2023. So, my provisional decision now is that FAS should take the following action to resolve this complaint:

- *Pay Mr S an amount equal to (£42,698.03 minus £431.80) minus £25,110.79 which equals £17,155.44*

I also remain of the view that Mr S experienced distress and inconvenience as a result of what happened. He's explained how shocked he was when he realised how much tax had been taken from his pension payment and he's told us he felt "mentally drained". I can understand why he would've felt that way. In order to compensate Mr

S for the distress and inconvenience he experienced, my provisional view is that FAS should pay him £100.

My provisional decision

For the reasons given above my provisional decision is that I intend to uphold this complaint.

I intend to require Financial Administration Services Limited to take the actions set out above to resolve this complaint.

Mr S responded to my second provisional decision. He said he had nothing further to add.

FAS responded to my second provisional decision. By way of summary it said:

- The signposting, timing and content of the information it had provided to Mr S was reasonable and appropriate. It referred to the conversations in November 2021, January/March 2022, October 2022 and November 2022. It also referred to the annual pension benefit statement sent to Mr S in April 2022.
- The information on the online screens and the online declaration included details about how much tax might be payable. The information in the online Declaration included an acknowledgment that Mr S's instruction would be made in accordance with the Fidelity SIPP Terms and Conditions – which also included information about the risk of incurring higher tax charges.
- Mr S had gone through the online journey himself. FAS had not directed him to skip important information. He chose not to read the information available and FAS had not taken a telephone instruction to complete the withdrawal.
- FAS had told Mr S on several occasions that he should speak to HMRC or a tax advisor about the amount of tax he might have to pay. He chose not to do that.
- To avoid paying higher rate tax, it would have taken over three years for Mr S to withdraw all of his holdings. FAS did not agree that Mr S intended to do anything other than make a full, single withdrawal.

So, I now need to make a final 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.

I've thought about what both parties have said in response to my provisional decisions. Having done so, I've not changed my view about how this complaint should be resolved.

Mr S contacted FAS on 23 November 2022 to make a full withdrawal from his pension drawdown account. Although he'd previously spoken to FAS about tax issues associated with a transaction of this kind, this was the first time he'd been clear with FAS he wanted to go ahead.

FAS says it doesn't offer a telephone service for withdrawals and it asserts that Mr S did not give a telephone instruction here. In my provisional decisions, I had looked at and commented on, the screens that appear during FAS's "online journey" – where a consumer wants to make a full withdrawal.

Having thought about what both parties have said and reviewed the online screens again, I think it's fair to say that FAS itself believed it was important that specific warnings and

information should be made available to consumers *at the point in time* when they decided to proceed with a withdrawal – irrespective of what information may have previously been provided to that consumer whether by telephone or other documentation sent. That's clear from the information available on its online journey. So, I think it's fair and reasonable to view what happened here from that perspective.

I've listened to the call made on 23 November 2022 again. Mr S said he wanted to pull all of the money out. He raised questions about the tax he'd have to pay on the withdrawal. So FAS knew that that was a concern for him. It told him it depended on his tax code. And, although that was an accurate statement, it wasn't the information that Mr S would've received had he been directed to read the Essential Information document – which was the document that the online process referred consumers to. That document included the following warning about tax on withdrawals:

“Check the tax you will pay

You can normally withdraw up to 25% of the value of your pension savings without paying tax, but further withdrawals will be taxable. Taking a large amount from your pension could move you into a higher tax bracket. Our online pension tax calculator can help you see how much tax you might pay on withdrawals. Go to [hyperlink to pension tools]”

FAS says it only facilitates withdrawals through its online process and it says Mr S used the online process to give his instruction. It says that the reason for this is to ensure that customers do have the relevant important information and that they can take their time to understand this before completing the application. However, I don't think, on balance, it's fair and reasonable to say that fully reflects what actually happened here. The withdrawal was completed when Mr S clicked buttons on the online screens – but his journey through those screens was fully directed by FAS during the telephone call.

Had Mr S used the online process, without the telephone directions, he would've been presented with important information on the online screens – including links to the Essential Information.

The information on the online screen included the following:

“Before you make a withdrawal from this account:

- *Please read the essential information document for retirement income...[hyperlink to the Essential Information Document]”*

However during the telephone call, FAS did not tell him to read the information on the screens – nor did it refer to that information or the information available through the hyperlinks. And during the call he wasn't given any time to read that information. For example, after Mr S located the appropriate online screen – the transaction was completed in a matter of minutes.

So, despite the fact that the information on the screens, and the various documents that were referred to contained important information about tax, FAS did not signpost that information to him during the call nor did it tell Mr S it was important that he should take time to read it before proceeding.

During the call FAS directed Mr S concerning what buttons to click. It would've known from the conversation that Mr S was following those instructions in a “live” or “real time” environment. So, I'm satisfied, on balance, it would've been clear to FAS that Mr S had not read, nor been given enough time to read, the important information. And FAS did nothing to

indicate to him that he should read the information on the screens – or click on the hyperlinks before proceeding.

Mr S was told he needed to agree to the declaration – but he wasn't told to take time to read it. Completion of the screens was presented to him as transactional only – simply a matter of clicking the right buttons so that he could complete the process. Mr S did ask if he should look at the illustration but FAS told him that wasn't necessary.

Having thought about the process that was followed when Mr S made the withdrawal, I think it's fair and reasonable, in all the circumstances that applied here, to have expected FAS to have done more to pay due regard to Mr S's interests and his information needs.

The FCA Principles which applied at the time required this. In particular Principles 6 and 7. Principle 6 required firms to have due regard to the interests of clients and treat them fairly. Principle 7 required firms to pay due regard to the information needs of clients and communicate with them in a way which is clear, fair and not misleading. I'm also mindful of the "client's best interests rule" set out in the FCA Conduct of Business Sourcebook (COBS) Rule 2.1.1.

In all the circumstances that applied here, I think it's fair and reasonable to have expected FAS to have told Mr S to read the information on the screens and have given him the opportunity to read all of the information on the screens before he progressed through the online process.

Mr S had asked questions about tax at the start of the call. And I think that in these circumstances, he also, might reasonably have expected FAS to have referred him to the more detailed information that was available – so that he could consider it fully before proceeding. The information available through the hyperlink from the online screens included the Essential Information document and the webpage address for the online pension calculator tool.

Having considered everything again, I remain of the view that it's fair and reasonable to have expected FAS to have done more during the telephone call to have drawn Mr S's attention to the information that was available. It would have known, for the reasons I've mentioned above that he'd not read that important information, or had time to read it. Had he done so, I'm persuaded, on balance, he would have been able to make a fully informed decision. And, I'm persuaded he would have managed the withdrawals from his pension over a longer period of time so as to reduce the amount of tax he'd have to pay.

Having read the submissions made by FAS I've not been presented with any new or further information that causes me to change my view that this complaint should be upheld.

I've also considered what FAS has said about the redress which I proposed. I would reiterate that I think Mr S would still have gone ahead and made the withdrawal here – but I think he would have managed that over a period of years. I say that because he intended to place the funds on deposit in a credit institution. He didn't intend to spend the money – he just didn't want to invest it in a pension drawdown account any longer. If he'd been aware of the amount of tax he'd have to pay, I'm satisfied, on balance, he would've managed the withdrawal so that he didn't have to pay more than 20% tax – even if that meant it might take over three years to draw all the money out. I remain of that view. So, I haven't changed my view about the actions FAS should take to resolve this complaint.

My final decision

For the reasons given above I uphold this complaint about Financial Administration Services Limited. I now require it to take the following action:

- Pay Mr S £17,155.44 for the financial loss he suffered as a result of what happened; and
- Pay Mr S £100 by way of compensation for the distress and inconvenience he experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 March 2024.

Irene Martin
Ombudsman