

The complaint

Mr H complains about incorrect information from Standard Life Assurance Limited (SL)

What happened

Mr H said he had been given incorrect information about the charges on his pension. He knew there was a discount but had been told this was 0.74%, 0.81% and 0.66%. His annual statements referred to a discount but did not say how much. Had he known the charges were higher he would have transferred years ago and saved more than £1,000. He was very angry about the misleading and inconsistent communication which caused anxiety about his ability to trust any financial institution with his investments. SL only offered £250 as compensation whereas he believed he had suffered a financial loss of over £1,000.

SL said it was sorry for giving incorrect information about the discount. This was due to a system error. It paid £250 to his account.

The investigator said Mr H took out a Group Flexible Retirement Plan with his employer in 2012. He left his employer and the scheme in 2016. When he left he was told the discount reduced from 0.81% to 0.66%. But in 2017, 2019, 2020 and 2023 he was given different information showing a higher discount. It was clear they had given inaccurate information on multiple occasions but had also given correct information at times. SL confirmed the correct amount had been applied since 2016. The investigator was satisfied based on the evidence the correct rate had been applied. She noted Mr H said he would have transferred had he had the correct information but she had no evidence he would have done so. He still had not transferred his policy since the position was clarified in September 2023. She felt an award of £400 for distress and inconvenience would be fair and reasonable. An increase of £150.

SL agreed to the increased payment.

Mr H didn't agree. He supplied evidence to support his argument in the shape of a copy email to SL from March 2021 asking about an in specie transfer to another provider. He also showed he asked for confirmation of charges in April 2020 and asked if it was possible to reduce them. The annual statements were still incorrect and referred to a discount without saying how much it was. He didn't transfer because he thought his complaint would not be looked at if he moved away. The increase of £150 didn't cover his losses.

The investigator replied to say that while the annual statements may not give all the detail he wanted she understood the correct information was available on the online platform. She still thought SL had done enough to make him aware of the discount rate. The correct information was available on the online platform and in the policy schedule.

She considered the emails he sent but didn't think they showed he had an intention to transfer because the charges were too high. He had correct information from the beginning so could not agree to refund the charges. She still thought the award of £400 was fair and reasonable.

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.

There is no dispute between the parties that SL gave Mr H conflicting and incorrect information about the charges on his pension account. I can therefore consider an award for financial loss and distress and inconvenience arising from that.

Financial loss

The purpose of such an award is to put Mr H back into the position he would have been in but for the mistake. The correct position was that after Mr H left employment with the pension scheme employer in 2016 the discount on his charges reduced to 0.66%. He wasn't entitled to the higher discount rate that applied while he was in employment. The fact it was quoted to him does not mean he was entitled to the higher rate as this was an error.

SL has confirmed and provided evidence to show that the lower rate has been correctly applied to his pension money since 2016. So based on that information it does not seem that Mr H has suffered a financial loss.

However it is clear that incorrect information was provided and Mr H says that in effect he relied on that information to his detriment and didn't transfer his pension to another provider. Had he done so he thinks he would have saved a lot of money. I have considered the evidence presented. I can see that when he took out the policy in 2012 he was told in a letter from SL of November 2012 that the discount reduced to 0.66 once employment ends. This was followed up in 2016 when he left his employment and a letter sent to him at the time confirms again the discount as 0.66%. SL also said his online account showed the correct position. I can see that in the period from April 2017 to mid 2023 the incorrect discount was quoted.

I can see that Mr H considered the charges in April 2020 as he wrote to SL to say

'I notice that the charges on my pension funds are significantly higher than what I am getting with my current pension provider, (name of provider). The average total cost of investment including AMC and expenses with my funds there is 0.27%. Can you please let me know if it is possible to reduce my charges on the SL funds, as otherwise I will need to consider moving my pensions away?'

SL confirmed no reduction was possible. It seems he was considering the relative charges on all his policies at that time. He also supplied a copy email to another pension provider from Feb 2021 asking whether an in-specie transfer was possible.

But I don't think the failure to transfer was due to the incorrect discount rate. I say that because by 2020 he had been quoted a higher discount rate several times but in his email still says that the charges are significantly higher than his other provider. So even if at that time he believed the higher discount applied he still thought his SL pension was '*significantly*' more expensive but did not proceed to transfer. So based on that on balance I think it is unlikely he would have transferred had he been relying on the correct lower discount rate at that time. So I don't think I can reasonably conclude that on balance he relied on the incorrect statements in deciding not to transfer. So I cannot hold SL responsible for any lost saving due to not transferring.

I note also that Mr H had not transferred his pension by the time the investigator issued her view. He says that he thought he would not be able to complain had he moved his pension.

That is unfortunate but isn't correct. But while he might have been able to save by transferring, it isn't SL's fault he missed out on the potential saving. I say that because I don't have any evidence that that SL told him that transferring would affect his claim.

Distress and inconvenience

I can however consider an award for distress and inconvenience caused by the incorrect information. Such an award is intended to reflect the impact of the mistake on Mr H and is not intended to punish SL. Nor is it intended to compensate for financial loss which I have already considered above.

Mr H has been clear that this has been upsetting and affected his trust in financial institutions. He's also been put to time and trouble in making and following up his complaint and seeking repeated clarification. While he is frustrated that the annual statements don't contain enough details he is now aware of the correct position and this is stated online. I think that on balance having regard to all of this and the prolonged time period over which these events took place that an award of £400 is fair and reasonable in all the circumstances.

Putting things right

In order to put things right SL should pay Mr H a further £150 such that the amount paid to him is a total of £400. If it has not already paid the £250 it said it would, it should make payment so that that total is £400.

My final decision

I uphold this complaint and direct that within 30 days of this service notifying Standard Life Assurance Limited that Mr H has accepted my decision it should pay him a total of £400 for distress and inconvenience. It and to the extent that it has already paid Mr H £250 it need only pay a further £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 February 2024.

Colette Bewley
Ombudsman