

The complaint

Mr S complains that Standard Life Assurance Limited (Standard Life) hasn't taken sufficient responsibility for the mismanagement of his pension. And that its response has left him concerned about the accuracy and fairness of the remediation payment it has already made.

What happened

Mr S had a Flexible Retirement Plan with Standard Life as part of a workplace pension. I understand it was invested in an external Global Targeted Fund with a manager I'll refer to as manager I between 12 December 2018 and 4 November 2020. And that Mr S transferred his Flexible Retirement Plan to another pension provider in November 2020. £70,690.12 was transferred.

On 1 May 2023, Standard Life wrote to Mr S to tell him that there'd been an error with the valuation of the external Global Targeted Fund with manager I. And that this meant that it had transferred too low an amount in November 2020. It said it would send an additional £5,248.47 to Mr S's new pension provider to correct this. It said that this payment included £145.30 in late payment interest.

On 6 May 2023, Mr S wrote to Standard Life to ask it to explain in much more detail what had happened. He sent a copy of this letter to Standard Life again on 26 May 2023.

Standard Life replied to Mr S on 31 May 2023. It said that manager I had recently told it that manager I's accounting records for the fund Mr S had been invested in hadn't been recorded correctly from 28 March 2017 until correction on 20 June 2022. It said this had led to an incorrect unit price being attributed to the fund each day. And that this meant that Mr S, who had transferred out of one of the affected funds during the error period, wouldn't have received the correct unit price at the date of the transfer. Standard Life said it would put Mr S back to the position he would've been in had the error not occurred.

Standard Life wrote to Mr S again on 1 June 2024 with further clarification about manager I's error. It said that it had used a system to put each affected customer's plan back to the exact position as if the error had never occurred.

Mr S complained to Standard Life on 6 June 2023 as he wasn't happy with the way it'd handled his requests for further information. He felt it still hadn't addressed all of his concerns. He wanted to know more about the incorrect valuation and the period over which it had applied. He also wanted a breakdown of the £145.30 Standard Life had paid in late interest. Mr S said that his new pension had achieved an annual growth of 11.17% between 2021 and 2023.

On 1 August 2023, Standard Life sent Mr S an update on his complaint. It said it was trying to give him as much detail as it considered appropriate for this type of request. It provided further detail about how it'd calculated the £145.30 late interest payment. But explained that there was a small rounding error with its manual interest. And said that if Mr S could evidence the investment return he'd said he'd achieved in his new pension, it would consider paying further compensation to his new provider. Standard Life also offered Mr S £200 for

the inconvenience caused. And said that it had left the complaint open, pending Mr S's response. But provided referral rights to this service.

Mr S still felt that there were a number of unanswered questions. He said that the rounding error had raised doubts about the calculation. So he wrote to Standard Life again on 2 August 2023 to tell it that he wasn't convinced that the amount transferred to his new pension was correct. He felt more detail should be provided. And didn't consider the £200 compensation Standard Life had offered was sufficient given the level of financial loss and the distress and inconvenience it had caused. He asked Standard Life to provide its final response to his complaint.

On 4 August 2023, Standard Life issued its final response to the complaint. It upheld it in recognition of the valuation error and its handling of Mr S's subsequent enquiries. It acknowledged that it hadn't responded as quickly as it could have.

Standard Life repeated its offer of £200 for the inconvenience and any distress it'd caused. And said it was still prepared to pay additional interest into Mr S's new pension to match the growth he would've otherwise received over the period in question, subject to the evidence it'd requested to support this. It said that if Mr S couldn't provide this evidence, it would apply an annual rate of 8% simple interest in accordance with this service's guidelines. It asked Mr S to confirm whether he intended to provide the investment return evidence it needed or if he was happy to accept the 8% simple interest it'd offered.

Standard Life explained why it felt it couldn't provide Mr S with the additional documentation he'd asked for so that he could verify the underlying calculations.

Mr S was unhappy with Standard Life's final response and with its handling of his case. So he brought his complaint to this service. Mr S said he wanted us to confirm that the amount he'd been paid was correct. He also felt that Standard Life hadn't addressed the missed investment return. And that it should pay him a higher level of compensation given the severity of the error.

Standard Life told this service that it hadn't mismanaged Mr S's pension. It said it had corrected the value of Mr S's pension after manager I's pricing error. And it had offered to pay additional interest based on the actual growth of Mr S's new pension plan between the transfer date and remediation payment date, subject to him providing it with evidence of that growth, or 8% simple interest over this time, both allowing for the interest it had already paid. Standard Life also felt that the £200 compensation it had offered for distress and inconvenience was fair.

Our investigator felt that the complaint should be upheld. She considered that the £200 Standard Life had offered Mr S for distress and inconvenience was fair. But felt that Standard Life hadn't yet adequately addressed the potential losses caused by the correct amount not being transferred when it should've been.

Our investigator acknowledged that Standard Life had offered to compensate Mr S for any potential loss of growth he'd suffered, if he provided evidence of this. But she didn't think it was reasonable to expect Mr S to obtain this information. Instead, she felt the onus was on Standard Life to obtain it. To put things right, our investigator felt that Standard Life should contact Mr S's pension provider to look into the potential losses from the late payment, and then conduct a loss assessment.

Mr S still felt that Standard Life's offer of £200 for the distress and inconvenience wasn't sufficient under the circumstances.

Standard Life said it understood why our investigator had asked it to contact Mr S's pension provider itself to get the investment return evidence it needed. But said that it didn't do this in remediation cases as it didn't have the authority to get information from providers, who it said were often unwilling to provide the information directly to it. It said this was why its process was to send remediation payments with late payment interest, while making it clear to its customers that, if the payment doesn't reflect the right position, they can let it know the actual position. And it would then arrange to send any additional payment if required. It said that it found that customers could get the relevant information from their providers much more quickly than it could. And said that all it needed was evidence of the growth of the funds in Mr S's plan between 4 November 2020, when the pension transferred, and 1 May 2023, when the remediation payment was made to Mr S's pension provider.

Our investigator asked Mr S if he was comfortable contacting his pension provider to give his consent to Standard Life contacting it about his pension values. Mr S asked our investigator what information Standard Life needed. He said he'd request it directly from his pension provider.

Our investigator considered what both Standard Life and Mr S had said. But it didn't change her view.

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

I issued my provisional decision on 12 February 2024. It said:

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 intend to uphold it. But I don't agree with our investigator that Standard Life acted unreasonably when it asked Mr S to provide evidence of his pension returns. I consider that Standard Life made a fair offer in its final response letter. I know this will be disappointing for Mr S. I'll explain the reasons for my decision.

I first considered whether Standard Life should be required to request the evidence it needs from Mr S's pension provider, rather than asking Mr S to obtain that evidence.

Should Standard Life be required to request the evidence it needs from Mr S's pension provider?

Mr S felt that Standard Life hadn't addressed the missed investment return in its final response.

Our investigator has only upheld this complaint on the basis that she didn't think it was fair or reasonable for Standard Life to ask Mr S to request the investment return evidence it needed from his pension provider. She felt Standard Life should be required to take this step itself.

From what I've seen, Standard Life made Mr S a clear offer to pay additional interest in its final response letter. It said it would base this on Mr S's actual investment returns over the period in question, subject to the evidence it'd requested to support this, or 8% simple interest. It asked Mr S to tell it what he wanted to do. I consider that this offer did fairly address the missed investment return. And made it clear to Mr S what the next steps were for putting things right.

I've no evidence that Mr S responded to Standard Life's question about which approach he wanted it to take to address the missed investment return. Instead, he brought his complaint to this service.

I don't agree with our investigator that it wasn't reasonable for Standard Life to ask Mr S to provide evidence of his pension returns, rather than asking his pension provider for this information directly.

I say this because Mr S has since told this service that he is happy to request any required information from his pension provider himself. And I've seen no evidence that Mr S ever told Standard Life that this would be difficult for him, or say that he didn't want to do this.

Therefore, while I do agree with our investigator that the onus is on Standard Life to put things right, I can't fairly say that in this case, it should be required to approach Mr S's new pension provider for the investment return information it needs, when Mr S is perfectly happy to obtain that information directly. I also note that Standard Life has clearly stated that all it needs is evidence of the growth of the funds in Mr S's plan between 4 November 2020 and 1 May 2023. So Mr S knows what he needs to obtain. I'm also satisfied that if Mr S had responded to Standard Life's final response letter, and told it he was happy to approach his pension provider, he would've agreed to take the same steps.

I next considered if Standard Life has provided enough information to confirm the remediation is correct.

Has Standard Life done enough to confirm the remediation (excluding investment return) is correct?

Standard Life explained why it felt it couldn't provide Mr S with the additional documentation he'd asked for so that he could verify the underlying calculations. It said that it follows a specified Incident Management Framework, which outlines processes and procedures it must use in situations like this one. But that the framework is confidential and can't be viewed by anyone other than authorised employees. It did, however, categorically assure Mr S that his pension had been put back into the correct position.

I acknowledge that Mr S wanted this service to confirm that the amount he'd been paid was correct. But, as our investigator noted, we're unable to provide deep analysis of financial calculations. So we'd only ask a business to take additional steps if we identified an obvious error.

From what I've seen, Standard Life has provided Mr S with as much information as it could reasonably provide to explain how the error had occurred and how the redress had been calculated. Therefore, I can't reasonably ask it to provide any further information.

I finally considered whether the £200 compensation Standard Life has offered Mr S is fair.

Distress and inconvenience

Mr S thinks that Standard Life's offer of £200 is unfair. He considers it should pay him a higher level of compensation given the severity of the error.

Mr S told this service that the situation had been stressful. And that he'd been trying to save more, because of the missing pension amount from Standard Life. He said he had real concerns that his pension had been mismanaged for years.

I appreciate that this situation has been concerning for Mr S. But, as I consider Standard Life has taken reasonable steps to explain what happened and to put things right as quickly as possible, I'm of the view that the £200 compensation it has offered for distress and inconvenience is reasonable.

I'm sorry that Mr S is unhappy with Standard Life's remediation offer. But I consider that Standard Life took reasonable steps to put things right in its 4 August 2023 final response letter. Therefore, although I intend to uphold the complaint, I don't intend to ask it to take any further steps than it has already offered to put things right.

Putting things right

Standard Life Assurance Limited has already made an offer to pay Mr S investment return redress in line with his actual investment returns over the relevant period, subject to evidence of that investment return, and allowing for the interest it has already paid. Alternatively, if that evidence isn't provided, it has offered to pay Mr S annual simple interest of 8%, allowing for the interest it has already paid.

Standard Life has also offered to pay Mr S £200 for the distress and inconvenience it has caused. I think this offer is fair in all the circumstances.

So my provisional decision is that Standard Life Assurance Limited should take the steps it offered in its final response letter.

Response to my provisional decision

Standard Life had nothing further to add.

Mr S felt that my decision meant that Standard Life had profited from its error. He said he would provide it with the requested evidence of investment return. He also said that he needed the £200 offered for distress and inconvenience to be paid into his bank account, rather than his pension, so that he didn't incur tax penalties due to the annual allowance.

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 seen no evidence that Standard Life profited from the error.

I also note that the normal process, which I expect Standard Life to follow here, is that the £200 distress and inconvenience payment is paid directly to Mr S, rather than to his pension.

Having considered the points made, they don't change my decision. So I remain of the view I set out in my provisional decision.

Putting things right

Standard Life Assurance Limited has already made an offer to pay Mr S investment return redress in line with his actual investment returns over the relevant period, subject to evidence of that investment return, and allowing for the interest it has already paid. Alternatively, if that evidence isn't provided, it has offered to pay Mr S annual simple interest of 8%, allowing for the interest it has already paid.

Standard Life has also offered to pay Mr S £200 for the distress and inconvenience it has caused. I think this offer is fair in all the circumstances.

So my provisional decision is that Standard Life Assurance Limited should take the steps it offered in its final response letter.

My final decision

For the reasons set out above, I uphold Mr S's complaint. Standard Life Assurance 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 S to accept or reject my decision before 27 March 2024.

Jo Occleshaw
Ombudsman