

The complaint

Mr S complains that Phoenix Life Limited trading as Standard Life gave him incorrect information about his pension and took too long to respond to his concerns.

What happened

Mr S had a Self-Invested Personal Pension (SIPP) with Standard Life.

He initially complained to Standard Life in March 2024 about information he'd been given when he asked it to make monthly payments to him from his funds in drawdown. Standard Life telephoned him on 10 May 2024 to discuss his complaint. During the call Standard Life told Mr S it had carried out a calculation and the amount of tax free cash he had in his pension which was still available to draw was just over £28,000. Mr S immediately queried this. He checked the information available to him online. He said this showed he had around £53,000 tax free cash remaining.

Standard Life said it would have to query the information. It confirmed it had carried out a calculation the previous day and that was where the figure of around £28,000 had come from.

Mr S says he asked Standard Life to revert to him quickly to confirm the position.

Standard Life and Mr S spoke again on 24 May 2024. Mr S said he thought Standard Life may have failed to include all of the assets he held in his "funds not in drawdown" when calculating the tax free cash remaining. Standard Life said it would go back again to check the position.

Standard Life sent Mr S an email on 6 June 2024. Attached to the email was a document setting out details of the calculation it had carried out. It showed that the amount of tax free cash remaining was around £28,000. Mr S said he didn't understand the calculation. No explanation had been provided. Mr S phoned Standard Life. He said he was now panicking. Up to this point he said he'd believed Standard Life had made an error. He said he'd lost sleep over the matter and was very anxious. He sent his own calculation based on the information available to him online. Standard Life said it would look into the matter and revert to him.

Standard Life telephoned Mr S on 28 June 2024 and sent a letter dated 2 July 2024 to confirm its conversation. By way of summary it said:

- It had incorrectly quoted the "Lump Sum Allowance" (LSA) amount to him;
- The correct LSA was just under £70,000;
- Based on the current value of his plan, the maximum tax free cash Standard Life could pay Mr S was just over £51,000;
- It apologised for its error which it said had arisen because of the way it had interpreted new legislation after the Lifetime Allowance (LTA) had been abolished; and
- It referred him to some frequently asked questions on its website.

On 2 July Standard Life telephoned him to discuss the outcome of his complaint. It acknowledged the anxiety and stress which it had caused. It initially said it would pay him £300 by way of compensation. Mr S said this didn't take into account the impact that the incorrect information had on him. He said he'd been a changed person for about two months. He'd not been able to sleep and he was trembling when he eventually got the telephone call to say that Standard Life had made a mistake.

Standard Life considered what Mr S had told it. It offered to increase its offer of compensation to £500. Mr S declined this offer. He referred his complaint to our service.

Our investigator looked into his complaint. She thought the offer of compensation which Standard Life had made was fair in all the circumstances and in line with what our service would award where the impact of a business's mistake had caused considerable distress, upset and worry. She said we couldn't investigate that part of Mr S's complaint which was about how Standard Life had handled his complaint. The reason for that was because complaint handling was not itself a regulated activity.

Mr S did not agree. He said Standard Life had breached its duty of care to him. The explanation it had sent to him on 6 June was unclear and there'd been no follow up. The whole matter had dragged on for around 8 weeks. During that period of time he believed he'd lost over £20,000 from his pension.

Our investigator considered what Mr S said but she didn't change her view. So, the complaint has been passed to me to decide.

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.

At the outset I'd just make clear that in this decision I'm only dealing with the complaint Mr S has made about the information he was given during a telephone call with Standard Life on 10 May 2024.

Part of Mr S's complaint is about how Standard Life handled his complaint. However, as our investigator explained our service cannot investigate a complaint, or that part of a complaint, which is wholly about how a business has handled a complaint. That's because complaint handling itself is not a regulated activity. So, I'm only looking at that part of Mr S's complaint which is about the incorrect information he was given on 10 May 2024.

There is no dispute that Standard Life made an error here. It provided incorrect information to Mr S during the telephone call on 10 May 2024. It sent the calculation upon which that information was based to Mr S on 6 June 2024 and reiterated the incorrect information to him again during a telephone call on 7 June 2024. The incorrect information was that he had only around £28,000 tax free cash remaining when in fact he had over £50,000 tax free cash remaining.

After Mr S challenged the information and provided his own calculation, Standard Life acknowledged its error. It took eight weeks, in total, to correct the erroneous information it had provided to Mr S.

I'm persuaded, on balance, Mr S hasn't experienced any financial loss as a result of what happened. When he logged his complaint with our service he acknowledged he'd not been affected financially since the money in his pension was not lost. Standard Life has also

confirmed that the information Mr S had available to him online throughout the period was correct. It showed the correct tax free cash amount remaining.

Standard Life has accepted that the incorrect information it provided during the telephone calls referred to above did cause Mr S to experience anxiety and distress. However Mr S doesn't think Standard Life has offered him enough by way of compensation.

Standard Life has offered to pay him £500. Mr S thinks he should be paid around £1,500.

When thinking about what is fair compensation for what happened here, I've considered the impact Standard Life's mistake had on Mr S and also the way that Standard Life responded to its error.

Mr S has described the distress and worry he was caused when he thought there was considerably less tax free cash remaining in his pension than what he'd believed was the case. He says he always kept around £50,000 of tax free cash available so that he could use it if an emergency happened. So, the amount of tax free cash was important to him.

Mr S also kept himself informed about the value of his pension. He had online access to his account. So, when Standard Life told him there was only around £28,000 of tax free cash remaining he was able to immediately challenge that, based on the information available to him online. He was also able to challenge the calculation it sent to him and provide his own workings to counteract what Standard Life was telling him.

During the telephone call on 7 June 2024 Mr S said that up to that point he had "truly believed" that the information he'd been given on 10 May was incorrect. But he was now "panicking." Having listened to that call I can hear just how distressed Mr S was.

Standard Life told Mr S on 10 May 2024 it would look into what he'd said. However, its initial response on 6 June 2024, was to send him the calculation – which it now accepts was erroneous. It didn't provide any explanation and it doesn't appear to have checked the calculation before it was sent. If it had done that, I think it could have resolved the matter sooner.

It was only after Mr S sent his own calculation on 8 June 2024 that Standard Life checked its calculation. It contacted him around three weeks later to acknowledge its error and to give him the correct information. It apologised to him.

It is the case that a business, as here, can make an error. When it does, we would expect it to act quickly to correct the error and to take action to put the customer as closely as possible back into the position he would've been in had the error not occurred. In this case, although as stated above Mr S didn't experience any financial loss, the error did cause considerable distress, upset and worry – especially in the period after the telephone call on 7 June 2024. Whilst Mr S was concerned and worried about what he'd been told on 10 May, he said during the telephone call on 7 June that, up to that point, he'd "truly believed" Standard Life had made an error.

It took Standard Life a further three weeks to acknowledge its error and provide the correct information.

Mr S says he was also concerned about whether other customers of Standard Life may have been given incorrect information. This added to his anxiety. Standard Life has explained that its error related to the way it applied new legislation following the abolition of the LTA. And, it has referred Mr S to its frequently asked questions, about that matter, which are publicly available on its website.

In this decision, I can only consider the complaint which Mr S has brought to our service and the information he was given. But, I have taken into account everything he's told us about how the error impacted him.

As I've stated above, the error did cause Mr S considerable distress over several weeks. Standard Life has now apologised and provided the correct information to him. And, after speaking to Mr S about how its error had impacted him, it offered to increase its offer of compensation from £300 to £500.

Although I know this will disappoint Mr S, having considered everything here, including our guidelines for awards for distress and inconvenience, I'm persuaded on balance the offer Standard Life has made is fair and reasonable in all the circumstances.

My final decision

For the reasons given above, I uphold this complaint about Phoenix Life Limited trading as Standard Life.

Phoenix Life Limited trading as Standard Life has already made an offer to pay £500 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Phoenix Life Limited trading as Standard Life should pay £500 to Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 March 2025.

Irene Martin
Ombudsman