

## The complaint

Ms D is unhappy with the service she received from Phoenix Life Limited (Phoenix Life) when trying to access benefits from her pension.

## What happened

Ms D had a personal pension scheme (PPS) with Phoenix Life. The original application form shows that Ms D selected that she would like to retire at 60.

Ms D decided to take her benefits in full as a lump sum earlier than age 60. She called Phoenix Life on 2 January 2024.

Phoenix Life have provided this service with their call log and copies of some of the call recordings, the context of these is detailed below:

### *Call on 2 January 2024*

Ms D provided a UK address when she went through security. She said she had received a benefits pack and wanted to ask some questions. Ms D explained that she wanted to take her full fund as a lump sum. But she needed the funds on 20 March 2024. And she couldn't take the funds until 15 March 2024 (her 55<sup>th</sup> birthday), she asked about the timescales involved. Phoenix Life explained that the process takes seven to ten working days from her 55<sup>th</sup> birthday, as long as they have all the information they need. And then an additional three to five working days for the payment to be processed.

Phoenix Life told Ms D that they can sometimes offer a process that is faster for a £15 fee. But that Ms D would need to speak to someone when she called to start the process of taking her benefits as it would be at a manager's discretion. Phoenix Life explained the expedited process takes around six working days. Ms D then asked if the payment would be processed as a bank transfer – or if a cheque would be sent. Phoenix Life explained that if she had a UK bank account and UK address, they would send the funds via bank transfer. Ms D agreed that she did. Ms D went on to ask about the early exit fee, she said:

*"I noticed on this retirement pack that there's something called an early exit charge of £189.40. Why is that?"*

Phoenix Life responded:

*"The closer you get to the nominated retirement date, the more it goes down. I'm having a look what your retirement date is"*

*"As of today it's £175.12 so it's slowly going to go down the closer you get to your retirement date"*

*"You can't access it now anyway, so it's nothing to worry about."*

Then Ms D asked:

*"It's on record that I'm going to be able to take it out on 15 March this year is it? Because I also read somewhere it said selected retirement date 2029"*

Phoenix Life said:

*"Yea, your nominated retirement date will have been the retirement date you chose when you took it out, the policy it is 2029."*

*"I'm just thinking if it will be affected. I can't say it will be zero on your birthday, but it'll be a lot less than it is now. When you are 55 it is capped at I think 1% or 5% but it's a lot less than now"*

And Ms D asked a question to clarify:

*"So there may be some kind of penalty but it will be less than that?"*

Phoenix Life agreed with this clarification. The remainder of the call was Ms D asking some questions about the forms that Phoenix Life require. She is told that Phoenix Life post the application form which needs to be wet signed and sent back to them.

*Call on 9 January 2024*

Ms D called Phoenix Life following receipt of the benefit pack. Phoenix Life has again provided a copy of this call.

During the call Ms D gave a UK address and explained she wanted to take her benefits as a lump sum. The adviser provided Ms D with all the options she could take and set out some risks and warnings. Phoenix Life said that the timescales for payment are seven to ten working days from Ms D's birthday. Ms D asked about speeding this up. She was advised she can send a cover note requesting faster payment and there would be a £15 fee for this. There was a discussion about how long it would take for her to receive the lump sum if she paid to speed things up. Phoenix Life told Ms D it would take five working days, then clarify that it's five working days and then receipt of the funds would be the following day. Ms D said:

*"I wrote down one day but that's not correct?"*

Phoenix Life confirmed that this isn't possible and the turn around time is five working days following Ms D's 55<sup>th</sup> birthday. Ms D asked what day her birthday falls on, Phoenix Life told her it fell on a Friday. Ms D says:

*"Oh dear, ok. So it's not going to be five working days because I'll have the weekend"*

And Phoenix Life clarified:

*"Yes, so we don't work on the weekends so if we look five working days from that the working day would be 22<sup>nd</sup>"*

Ms D goes on to ask about the early exit charge. She says she was told that by her retirement date there would be no early exit charge. But, that the benefit pack was showing a charge which is higher than she was quoted in July 2023. Phoenix Life placed Ms D on hold and then returned to say:

*“The early exit fee is actually a percentage, because the retirement fund value has gone up, so has the exit fee”*

Ms D raised a complaint about the early exit fee during this call. She said she had been told before that it would not be charged by the time she reached 55.

#### *Call on 19 January 2024*

Ms D called Phoenix Life as she had received the application form and wanted to ask a couple of questions. She provided a UK address to the call handler when going through security. Ms D had a couple of general questions about the form and she asked if there were any other fees that she should be aware of. Phoenix Life confirmed there wasn't.

#### *Calls on 13 February 2024*

Ms D made a number of calls to Phoenix Life on 13 February 2024, among other things she was unhappy that the application form she sent to them had not been received. Ms D says that this was the first time she was told she needed to send in two forms of identification that had to be notarised. Phoenix Life agreed to waive the £15 fee they would have deducted from Ms D's fund for processing her payment quickly.

Phoenix Life accept that they incorrectly told Ms D during one call on 13 February 2024 that a doctor could notarise her documents, but they say this information was corrected later the same day.

On 16 February 2024 Ms D signed and sent the following notarised forms to Phoenix Life which they received on 26 February 2024:

- Pension Guidance and Advice Declaration.
- Uncrystallised Funds Pension Lump Sum Application Form. Ms D hand wrote “I want by BACS” on this form.
- Uncrystallised Funds Pension Lump Sum Declaration and Discharge.
- Bank reference
- Notarised passport details.

Ms D provided a bank statement which shows the lump sum was paid into her account on 22 March 2023.

Ms D raised a complaint with Phoenix Life, she said she:

- Was misled by Phoenix Life who said she wouldn't have to pay an early exit charge. But £200 was deducted from her fund.
- Had to verify her identity documentation by notary which wasn't communicated to her clearly. She received incorrect information about this on multiple occasions. She paid £150 for her documents to be notarised plus £20 for posting the documents.
- Sent a form to Phoenix Life which was signed for by them, but it was lost.
- Incurred expenses for bank letters, skype fees and postage to send the required documents to the UK.
- Was told by Phoenix Life incorrect timeframes for the receipt of her funds. And was provided contradictory information.
- Had an urgent need for the funds, and as they were delayed, she incurred additional costs for expedited transfer services and currency exchange losses.
- Spent time communicating with Phoenix Life which cost around £60.

Phoenix Life issued their final response to the complaint on 4 April 2024. They partially upheld Ms D's complaint. They said they had previously responded to Ms D's complaint about the early exit fee and they didn't uphold it. Phoenix Life say they made Ms D's payment within their service standards. But that they had agreed to prioritise it. They said they should have sent the payment via a faster method than they did. Which led to a delay of two days.

Phoenix Life apologised and paid Ms D £100 compensation. They didn't award any other losses – as they said these would always have been payable by Ms D.

Ms D wasn't happy with this response and communicated that to Phoenix Life.

Phoenix Life issued a follow up response on 23 May 2024. They offered an additional compensation amount of £200 to cover the fee Ms D was charged to transfer her payment overseas. And £66 to cover the change in exchange rate. Phoenix Life said that they accepted they advised Ms D incorrectly about the notarisation of her documents on 13 February 2024, but corrected this information in a later call on the same day.

Ms D remained unhappy so she referred her complaint to this service. She said that she valued her financial losses at £660 and wanted an apology for the service she had received.

An investigator considered Ms D's complaint. They asked Phoenix Life to increase the compensation they offered to £200. They didn't award any of the other financial losses Ms D was claiming. As they said these were things she would always have needed to pay.

Ms D was unhappy with the investigator's assessment and asked for an ombudsman to review her complaint. She said that she:

- Was told during her first call with Phoenix Life that she wouldn't have to pay an early exit fee. They later corrected this but they shouldn't give incorrect information.
- Wasn't told she would need to have her documents notarised. Nothing on the application form let her know she would need to do this.
- Was advised she could have her documents signed by a doctor – which wasn't true.
- Was told that she would be able to get a transfer on the Monday, but she didn't receive the funds into her bank until 23 March 2024.

### **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.

Whilst I am upholding Ms D's complaint, I'm not asking Phoenix Life to do anymore than the investigator suggested. I appreciate this will come as a disappointment to Ms D so I will explain why below.

Ms D has raised a number of issues with the service she received from Phoenix Life, I will deal with each in turn. I can assure both parties that I have considered everything that has been provided to me in full, and in detail, including listening to all the calls that have been provided but, I won't comment on everything within my decision. Instead, I have focussed on the things Ms D remains unhappy with.

#### Delay in receipt of Ms D's pension lump sum

Ms D has said that she was told she could receive her lump sum on 18 March 2024. And because it wasn't received until later, she had to rush to make a payment which cost her more than it otherwise would have done. She has listed her additional costs as:

- Additional fee to transfer the funds abroad, as she needed to use a fast service.
- Decreased exchange rate at the time the funds were converted.

Phoenix Life's service standard is to process a lump sum payment within seven to ten working days. And then for the payment to be processed within three to five working days. Either on someone's 55<sup>th</sup> birthday or once they have all the information that they need if that is after the birthday. But, they offer a service to those who need the funds faster for a £15 fee. If that is agreed, they can speed the process up by sending the payment in a faster way. If they do this, they say that the lump sum should be received within six working days. I think these timescales are reasonable due to the work involved in calculating the final value and selling down any investments if needed.

Ms D's 55<sup>th</sup> birthday was on 15 March 2024 – this was a Friday. So, with the speedy service she should have received the payment by 25 March 2024 (six working days later). Ms D has provided a copy of a bank statement which shows that her lump sum was received into the bank account on 22 March 2024. So, Ms D received the funds within the six day period. I appreciate Ms D has said she was told that she could receive the payment on 18 March 2024. But that would never have been possible. I will go on to comment about this when I consider the service she has received below.

Phoenix Life have said they could have issued the payment to Ms D's bank account via a faster payment method. So they have refunded Ms D the additional fee she was charged to transfer the funds quickly, and they've compensated her for the difference in exchange rates she told them about. I've not identified any other area that I think caused Ms D's payment to be delayed. So, I think the offer that Phoenix Life made was fair, and so I'm not asking they do anymore.

#### Service provided

Ms D has complained that she received contradictory information from Phoenix Life on a number of occasions. I'll consider each of Ms D's concerns below. I will only be able to ask Phoenix Life to reimburse Ms D for the things she has mentioned if I find that Phoenix Life have caused her to incur an additional cost; that she has had to spend money she otherwise wouldn't have but for their error.

#### *Early exit charge*

Ms D has said that she was told she wouldn't have to pay an early exit charge.

Ms D had an early exit charge which would apply if she took her benefits before she was 60. The fee is based on a percentage of her fund value. So, it fluctuates with the value of her plan. During the call Ms D had with Phoenix Life on 2 January 2024 the exit fee was discussed. I've had sight of the call log and am satisfied that this was the first call Ms D had with Phoenix Life to discuss taking her benefits. I don't think the call handler explained the exit fee very well during this call. They explained that it would reduce as Ms D approached retirement, which isn't accurate. I can't agree Ms D was advised she'd have no early exit charge to pay at all. But, I can understand why she would have come away from the call believing that the charge would have reduced by the time she could take her benefits. Phoenix Life corrected this error when Ms D called them on 9 January 2024. The call handler was clear with Ms D during this call that an early exit charge would apply.

An early exit charge would always have applied. That's because Ms D wanted to take her benefits before the age of 60. So, I'm not asking Phoenix Life to reimburse this charge to Ms D.

#### *Notarisation of Ms D's documents and associated costs*

Ms D spent money having her documentation notarised and posted to Phoenix Life. She says she wasn't told that she needed to provide these documents until late in the process. And that she was incorrectly advised that a doctor could sign them. Phoenix Life don't always need identification documents to be notarised. But, because of where Ms D lives they did in her case. Phoenix Life had a UK address for Ms D, and each time she contacted them she gave her UK address in order to pass security. So, they weren't aware of where Ms D lived. And so, they didn't know they needed to ask her for notarised documentation. That is until she told them where she was living during a telephone call on 13 February 2024.

Phoenix Life are required to carry out different checks and ask for a variety of documentation from consumers by the regulator. I would expect Phoenix Life to make those requirements clear to consumers. But, it's not possible for them to set out all of the different personal circumstances that might lead to additional documentation being required within their general forms. So, I can't expect Phoenix Life to notify a consumer of additional requirements if they're not aware of that consumer's circumstances. As soon as Ms D explained that she was residing abroad – and where, Phoenix Life let her know they needed notarised documents. I think that was the right thing for them to have done.

Ms D has asked for Phoenix Life to reimburse her the money it cost to have her documents notarised and posted. But, I'm not asking them to reimburse those costs. That's because Ms D would always have needed to have her documents notarised. It's not an extra cost that has been caused by an error that Phoenix Life have made. I appreciate Phoenix Life said that a doctor could notarise them, which was not correct. But they said they corrected this mis-information on the same day. I've not seen any evidence that Ms D paid a doctor to notarise her documents off the back of this mis-information.

Similarly, I'm not asking Phoenix Life to reimburse Ms D for the amount it cost her to post documents to them. Or the costs incurred to communicate with Phoenix Life via skype. That's because Ms D would always have needed to communicate with Phoenix Life, and send documents to them in order to take her benefits.

#### *Information about the time it would take to receive benefits*

Ms D has said that she received contradictory information about the time scales for receipt of her funds. The telephone call recordings I have listened to made things clear to Ms D. But, I appreciate I've not been provided with all of the call recordings. I've thought about the impact mis-information about the time scale will have had on Ms D when considering awarding distress and inconvenience below.

#### Distress and inconvenience

Phoenix Life have paid Ms D £100 compensation by way of an apology for the service they provided to her. The investigator suggested an increase of this to £200 which Phoenix Life have agreed with.

I've considered everything that Ms D has said to this service about the stress taking her pension as a lump sum has caused her. Phoenix Life have accepted they provided her with inaccurate information about who could notarise her documents. And it's possible that Ms D was provided with contradictory information about the time it would take for her to receive

her lump sum but as I've explained above, the lump sum was received within the timescale expected when a payment is fast tracked so I've not found that there was actually a delay. Ms D was worried about receipt of the money, so these things will have exasperated an already stressful situation for her. Based on everything I have seen, I think an award of £200 compensation is fair and reasonable.

### **Putting things right**

In order to put things right Phoenix Life Limited must:

- Pay Ms D £200 compensation in total. If Phoenix Life have already paid Ms D £100 then they will only need to pay a further £100. This is in recognition of the distress they caused her by providing incorrect information as set out above.
- Pay Ms D £266 in line with what they have offered for reimbursement of the difference in exchange rates and Ms D needing to send her funds abroad in a hurry. If this has already been paid to Ms D then this part is satisfied – it's not in addition to any past payments made.

### **My final decision**

I uphold Ms D's complaint and direct Phoenix Life Limited to pay redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 13 December 2024.

Cassie Lauder  
**Ombudsman**