

## **The complaint**

Mr P complains that Phoenix Life Limited unreasonably delayed the payment of some pension benefits due following the death of his father.

## **What happened**

Mr P has been assisted in making this complaint by his mother. But in this decision, for ease, I will generally refer to all communication as if it has been with, and from, Mr P himself.

Mr P's father (who I will call Mr X) sadly passed away in June 2021. At the time of his death Mr X held pension benefits with Phoenix. Mr X had completed a nomination of preferred beneficiaries form requesting that any death benefits be equally shared between Mr P and his brother.

When Mr P's mother (as one of the executors of Mr X's estate) first attempted to claim the death benefits on behalf of her sons she was told that Phoenix would require her to provide a copy of a Grant of Probate ("GOP"). Phoenix explained that the pension benefits were not held in trust so would form part of the late Mr X's estate. It took some time for the GOP to be issued, so it wasn't sent to Phoenix until September 2023.

Phoenix accepts that it didn't deal with the payment as quickly as it should have following the receipt of the GOP. But it said that it believed it had acted reasonably in delaying the payment until the GOP had been received. Phoenix paid some compensation to Mr P's mother for the inconvenience she'd been caused during the claim process. And it paid some interest to Mr P to reflect the delays it had caused (from September to December 2023) in the payment of the death benefits. But Mr P remained unhappy with Phoenix requiring the GOP before any payment was made, and the resulting delays. So he brought his complaint to us.

Mr P's complaint has been assessed by one of our investigators. He thought it had been reasonable for Phoenix to request the GOP before making any payment given that the pension benefits were not held in trust. And he thought the interest Phoenix had paid to Mr P in relation to the payment delay after the GOP had been sent was reasonable. But he thought Phoenix should also pay Mr P £150 compensation for the inconvenience he'd been caused.

Phoenix accepted the investigator's findings and agreed to make the additional payment. But Mr P didn't agree with the assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Mr P accepts my decision it is legally binding on both parties.

## **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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr P and by Phoenix. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

The late Mr X set up this pension plan in 2006. It appears that in 2010, with the assistance of a financial advisor, he attempted to move the plan benefits into a discretionary trust. But errors in the paperwork meant that attempt was unsuccessful. And I can see that Mr X had further discussions with Phoenix about the nature of the benefits on his pension plan in 2016. At that time Mr X sent a letter to Phoenix asking it to confirm his understanding that the plan was not held under a trust.

So I am satisfied that Phoenix has correctly interpreted the status of the death benefits that arose on the pension plan. Since it was not held in trust, any death benefits would become payable to the estate of Mr X regardless of any beneficiary nomination information it held. So since the benefits were the property of Mr X's estate Phoenix needed to satisfy itself that any payment it was making was in accordance with Mr X's will, and that the executors had been granted the appropriate permissions by the Courts. That is shown through a Grant of Probate.

I don't therefore think it unreasonable that Phoenix told Mr P's mother (who was acting on behalf of the executors) that it would need a copy of the GOP before it could proceed with making any payment. It seems that the application for the GOP was protracted and delayed by the valuation of Mr X's business, and also due to Court backlogs. But I don't think either of those delays were the responsibility of Phoenix.

I have seen that the GOP was provided to Phoenix in September 2023. I think at that time Phoenix had all that it needed in order to release the death benefits to Mr X's estate. It does seem however that there was continued confusion over the status of the benefits, and whether they should be paid to the estate or directly to Mr P and his brother. Although I accept the benefits were ultimately paid directly to Mr P and his brother I think that was only done on the basis that Phoenix had authorisation to do so from all executors of Mr X's estate. I don't think it implied that Mr P and his brother had any entitlement to receive those benefits directly.

But it was Phoenix's responsibility, once it had received the GOP to make a prompt payment to the correct beneficiary. Any confusion over that beneficiary should have been better managed by the firm. So I agree with the conclusion reached by Phoenix, and our investigator, that Phoenix was responsible for a delay in the payment between September and December 2023.

In response to Mr P's original complaint Phoenix paid him (and his brother) simple interest at a rate of 8% per annum in relation to that delay. That is what I would have directed Phoenix to do in the circumstances here. So I don't think any financial loss to Mr P remains as a result of the delay that was the responsibility of Phoenix.

But I also need to take account of the inconvenience that Mr P suffered as a result of the delay. He has told us that he was awaiting the payment to allow him to proceed with the purchase of his first home. As I've explained, I think the majority of the delay was outside the control of Phoenix – it was awaiting receipt of the GOP. But the later delay of around three months would have caused some limited distress and inconvenience to Mr P. So, like our investigator, I think a compensation payment of £150 would be warranted here.

I appreciate that my decision will be disappointing for Mr P. But I don't think Phoenix acted unreasonably in requiring the GOP before releasing the benefits held in the late Mr X's pension plan. And I think that the interest Phoenix has already paid to Mr P adequately reflects the financial loss caused by the short delay that was the responsibility of Phoenix.

### **Putting things right**

Phoenix should pay a further sum of £150 to Mr P to reflect the distress and inconvenience caused to him by the payment being delayed between September and December 2023.

### **My final decision**

My final decision is that I uphold a part of Mr P's complaint and direct Phoenix Life Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 April 2025.

Paul Reilly  
**Ombudsman**