DRN-5174882

The complaint

Mr C complains that Zurich Assurance Limited have deliberately made it as difficult as possible to switch his pension away to a new provider. Mr C says that he's unhappy with the requirements that Zurich have in place in order for him to be able access his pension pot.

Mr C would now like Zurich to "change their policies to allow and actively facilitate the choices" of their customers "rather than trying to frustrate them".

What happened

In July 1989, Mr C took out a pension policy with a firm that was subsequently acquired by Zurich. The policy was designed to run to Mr C's 75th birthday and at which point, he would be required to purchase an annuity (which provides an income for life) or move the funds elsewhere.

In early April 2024, around five months before Mr C's 75th birthday, Zurich wrote to him explaining the need to make a decision about what he wished to do with his pension monies prior to reaching his birthday. Mr C telephoned Zurich's helpline on 15 April 2024 to explain that he didn't want to buy an annuity and would prefer to access his monies flexibly. Zurich informed Mr C that that they didn't offer the option of a flexible access drawdown product, so he'd need to move his funds elsewhere.

Mr C identified a pension provider that he wished to move his retirement pot to and returned the completed paperwork to that firm in mid-May 2024. On 31 May 2024, Mr C was informed by the new pension provider (who I shall call Firm J), that they'd submitted the switch application paperwork to Zurich. Shortly afterwards, Mr C received a pack from Zurich asking him to complete a number of forms relating to the transfer and to provide his identity documents. These included 'Pension Wise Guidance Form' and 'Your Transfer next steps'. In addition, the pack asked him to attend an appointment with MoneyHelper and then following that, to send them the summary document that included a reference number demonstrating that he'd attended.

On 5 June 2024, Mr C emailed Zurich to explain that he wouldn't be attending any appointments nor completing any of their forms or providing details of his identity. Mr C stated that having dealt with them for some 35 years, Zurich were well aware of who he was, and it was his decision to move his pension monies albeit as a consequence of Zurich not being able to provide a suitable drawdown product. Mr C said that he didn't need the help of the government when making his retirement decisions and was well aware of the various scams doing the rounds. As Mr C also explained that he believed Zurich were simply delaying the payment of his monies, Zurich treated his comments as a formal complaint.

After reviewing Mr C's complaint, Zurich concluded they were satisfied they'd done nothing wrong. They also said, in summary, that regulations were introduced in November 2021 that required all pension providers to help their policy holders avoid becoming victims to scammers. In addition, Zurich explained that it was their understanding of the regulations, that in certain circumstances, consumers had to be signposted to, and were required to take guidance from the free and impartial organisation, MoneyHelper. Zurich went on to say that they were also required to undertake certain checks to determine whether Mr C had a statutory right to transfer and confirm whether the conditions for transfer had been met before it could proceed.

Following Mr C's refusal to engage with the MoneyHelper service or complete the appropriate paperwork that Zurich had asked for, Zurich then explained to Mr C that they would consider allowing him to switch his monies to Firm J under their discretionary powers; Zurich explained that meant the switch wouldn't be treated as a statutory transfer. Zurich then sent Mr C a waiver form that they asked him to sign if he still wished to proceed following confirmation of his understanding of the risks. The form stated that he didn't wish to receive guidance from Pension Wise and that he accepted full liability for all decisions made. Mr C signed the form and returned it the next day.

As Mr C was unhappy with Zurich's original response to his complaint, he referred his concerns to this service. In summary, he said that he felt Zurich were trying to force him to take an annuity with them and were doing all they could to prevent him from transferring his monies elsewhere. Mr C said that he feels Zurich have a policy of delaying any outflows of funds by putting unnecessary hurdles, such as needless paperwork that he didn't wish to complete or requiring the submission of ID in the way of policy holders.

The complaint was then considered by one of our Investigators. He concluded that Zurich hadn't treated Mr C unfairly because the steps that they'd asked him to follow were commonplace across the industry and designed to protect policy holders.
Mr C, however, disagreed with our Investigator's findings. In summary, he said that just because all firms act in the same manner doesn't make it right nor reasonable. Our Investigator was not persuaded to change his view as he didn't believe Mr C had presented any new arguments he'd not already considered or responded to. Unhappy with that outcome, Mr C then asked the Investigator to pass the case to an Ombudsman for a decision.

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 have summarised this complaint in less detail than Mr C has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr C and Zurich in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm not upholding Mr C's complaint - I'll explain why below.

The need for a MoneyHelper appointment

Mr C is of the view that Zurich's motivation in making him undertake an appointment with the MoneyHelper service is driven by their desire to hold on to his monies for as long as possible, but I don't agree.

I think it would be useful to set out the background to why Zurich asked Mr C to have an appointment with the MoneyHelper service. When a pension scheme receives a request from a consumer to move their monies away to a new provider, there's a number of hurdles in place that they're obligated to follow. From 30 November 2021, The Pensions Regulator (TPR) and the Department for Work and Pensions (DWP) set out that pension trustees and scheme managers must ensure specific checks are made before complying with a member's request to transfer their pension. Those regulations require trustees to carry out broad due diligence on transfer requests and to refuse a transfer or refer the member to guidance if the due diligence highlights certain risk indicators.

The checks that TPR set out determine whether the request meets the conditions to enable a statutory right to transfer, including whether a member is required to have guidance from MoneyHelper. There are some receiving schemes to which a statutory transfer can proceed with no further checks (such as to a public service pension scheme). But, if the receiving scheme is not one of these (as in the case of Mr C's transfer request), TPR expects the business to carry out further assessments to confirm that the member is able to make a statutory transfer. To complete those checks, Zurich needed very specific information from Mr C about the switch, so I can't conclude that Zurich were being unreasonable by asking him to complete their paperwork which would then provide them with the details necessary to undertake their assessment.

There are certain circumstances, referred to as red and amber flags, which mean that a statutory transfer cannot proceed, or where a member must obtain guidance from MoneyHelper before the transfer may proceed. And, that's what happened in Mr C's case. Following Zurich's checks, they determined that as the scheme Mr C wished to switch his monies to offered high risk investments, the case tripped into the amber risk threshold. So, despite what Mr C may think about Zurich having an ulterior motive, they're simply following the expectations that TPR set out by asking him to attend a MoneyHelper appointment. It's also important to understand that those checks aren't exclusive to Zurich and had Mr C's pension fund been elsewhere, he'd have still had to go through the same process and still would've been asked to attend a MoneyHelper appointment as would any other customer with the same circumstances.

So, I can't reasonably conclude that Zurich have done something wrong in the approach that they've taken by asking Mr C to complete their supporting paperwork or by asking him to attend a MoneyHelper appointment.

Identity verification

As part of his complaint, Mr C has explained that he's unhappy Zurich asked him to provide evidence of his identity before they'd consider moving his pension fund. Mr C says that having been a customer of Zurich for some 35 plus years, that's unnecessary because he's spoken to them on the phone multiple times and they've written to him at his various addresses – however, I don't agree. From what I've seen, at one point, after becoming frustrated with Zurich's requests to attend a MoneyHelper appointment, Mr C asked them to just transfer his entire pension pot to his bank account.

But, since setting the pension up in July 1989, Mr C has made no further contributions to the plan so it would seem that Zurich has no documented (or verified) evidence of his banking details, other than what Mr C told them in an email in July 2024.

Since pension freedoms were introduced in April 2015, there have been multiple well documented cases where scammers have relieved consumers of their entire pension pots. Identity verification checks were introduced to ensure that funds are only sent to the individual consumer entitled to receive them but also in the case of a transfer, ensuring that the instruction to switch monies away to a new provider is only acted on following a genuine request by the actual policy holder.

Whilst Mr C may be well aware of scams, that doesn't necessarily prevent him from becoming a victim to one - to put it another way, if an individual came into possession of his pension details without his knowledge and requested Zurich pay those monies away, if Zurich failed to undertake an identity check on the individual making that request prior to releasing those funds to ensure the request was genuine, I well suspect that Mr C would likely be alarmed that Zurich had allowed his monies to be transferred purely off the strength of an email.

Verification checks are there to protect both Zurich and the consumer. And, the Financial Conduct Authority (FCA), who oversee regulated financial firms such as Zurich, expect those businesses to have robust controls in place to prevent consumers from being scammed out of what is typically their lifetime savings. Only recently (26 March 2025), the FCA re-emphasised the importance to the firms it regulates of curbing financial crime and combatting scams, so I can't conclude that Zurich have done anything wrong by asking Mr C to provide evidence of his identity in the pursuit of protecting his monies.

I therefore don't think Zurich are being unreasonable in asking Mr C to provide suitable evidence of his identity before they'll act on his instructions.

<u>Post complaint correspondence</u>

Following Mr C's complaint to this service, he's shared a number of email interactions that he's had with Zurich (for example, about the death benefit nomination on his pension). In my decision, I am only able to consider the specific complaint that's been made to Zurich. So, if Mr C is unhappy about any other issues, then he must first complain to Zurich and give them the opportunity to respond in the first instance.

My final decision

I'm not upholding Mr C's complaint and as such, I won't be instructing Zurich Assurance Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 April 2025.

Simon Fox
Ombudsman