

The complaint

Mr D complains that Phoenix Life CA Limited trading as Sun Life Financial of Canada (SLOC) made unfair deductions from his pension before he transferred it away from it. He also complains that it gave him misleading information about the value of his pension which influenced his decision to transfer.

What happened

Mr D had a personal pension with SLOC which he started in 1989. This had a selected retirement date in April 2023.

In December 2018, SLOC wrote to Mr D. The letter said his pension was worth £1,188.29. But that as Mr D was no longer contributing, the charges on his pension were likely to reduce that value. The letter went on to state: *"We are concerned that there might not be any money left when you decide to retire."*

I understand that on 6 December 2022, SLOC wrote to Mr D about his pension. The letter stated his pension was worth £1,063.25. But as SLOC would charge him an early exit charge of £10.63 if he took his benefits before his selected retirement date, he would get £1,052.62 if he took his benefits at this point.

On 21 January 2023, SLOC sent Mr D his annual statement. This stated that although his pension was currently worth £1,069.07, SLOC would charge him an early exit charge of £806.61 if he took his benefits before his selected retirement date. The statement said that if Mr D were to transfer his plan to another provider, he'd therefore get £262.46.

On 31 January 2023, SLOC received a transfer request for the pension plan from Mr D's chosen provider through Origo.

On 6 February 2023, Mr D called SLOC to ask it about the transfer value of his pension. SLOC has said that recording of this call isn't available. But Mr D recalled that SLOC told him his transfer value was £1,052.62. And that charges and fees didn't exceed 1% of the total value.

Mr D said that on the basis of the information provided in the 6 February 2023 call, he decided to go ahead with the transfer, as he expected to receive £1,052.62.

On 14 February 2023, SLOC wrote to Mr D to confirm that it transferred £1,056.07 to his new provider. SLOC wrote to Mr D again on 14 March 2023 to confirm the same transfer amount. The letter stated that the total deductions amounted to £10.67. Mr D said this was in line with his expectations.

Then on 21 May 2024, SLOC wrote to Mr D to tell him that its March 2023 letter was incorrect. It apologised. And said it'd actually deducted £806.59 from the pension before transfer. So the transfer value it'd paid had been £260.15, which was the amount SLOC had actually sent to Mr D's chosen provider on 14 February 2023.

Mr D complained to SLOC on 24 June 2024. He felt he'd been misled about the transfer amount and therefore that SLOC hadn't given him the correct information to make an informed choice. And said that if he'd known about the large deductions he wouldn't have transferred. Mr D was also unhappy that it'd taken SLOC 15 months to identify its error.

SLOC issued its final response to the complaint on 28 June 2024. It acknowledged that the figures it'd sent Mr D in its 14 March 2023 letter were incorrect. And apologised for this. SLOC confirmed that it had transferred the correct amount of £260.15. It said it'd only identified that the 14 March 2023 letter had contained incorrect information in 2024, which meant that it hadn't told Mr D about the issue until 21 May 2024.

SLOC acknowledged that the 21 May 2024 letter may have come as a shock to Mr D, but felt that it'd adequately informed him about the £806.59 deduction in the January 2023 annual statement.

SLOC said that it hadn't been able to determine whether Mr D had been given incorrect information during his February 2023 call with it, as it no longer held a copy of that call. But it said that the deduction represented deferred plan charges, rather than an early exit charge.

SLOC said that it'd included details of such plan charges in its letters to Mr D since 2020 by showing a reduced transfer value. And that this meant that if Mr D had directly asked about early exit charges during his February 2023 call, he would've been told that there were none, as the deductions didn't constitute an early exit charge.

SLOC apologised for the trouble and upset caused as a result of the incorrect information it'd provided on 14 March 2023. But it confirmed that the charges it'd applied were correct. And felt that it'd adequately informed Mr D about the deductions.

Mr D responded to SLOC on 8 July 2024. He referenced a screenshot of part of the 6 December 2022 letter that he'd recently shared with SLOC which stated that his early exit fee was £10.63. And said that SLOC had confirmed this charge during the February 2023 call.

Mr D also still wanted to know why SLOC had taken so long to identify and inform him about its error.

SLOC replied to Mr D on 9 July 2024. It apologised if Mr D had received incorrect information during his 6 February 2023 call. But said that this call had taken place after it'd received the Origo transfer request on 31 January 2023. It therefore didn't agree that the information provided on that call could've impacted Mr D's decision to initiate the transfer.

SLOC also said that although it'd provided incorrect information about the transfer, it'd transferred the correct amount. It said that as Mr D hadn't responded to a lower-than-expected amount being transferred at the time of payment, it couldn't conclude that he'd been financially disadvantaged as a result of believing that a higher value would be sent.

Mr D still didn't think that SLOC had responded to all of his complaint points. So SLOC issued a further response on 16 July 2024. It said that its 6 December 2022 letter had shown an incorrect value for what Mr D would get from his plan if he took his benefits. But it said that the annual statement it'd sent in January 2023 had contained the correct figures. It felt that as this was the most recent communication Mr D had received before he asked to transfer, it couldn't agree that the incorrect information contained in the December 2022 letter had prompted his decision to transfer.

SLOC apologised for the error. It said as a gesture of goodwill it would accept the return of

Mr D's funds to be re-invested at the date that they were transferred. But it confirmed that this wouldn't change the plan's value as the £806.59 it'd deducted was a valid charge.

Mr D didn't think SLOC's offer was helpful. So he brought his complaint to this service on 19 August 2024. He felt SLOC had misled him about the amount that would be transferred during the 6 February 2023 call. He felt SLOC should honour the transfer amount of £1,056.07 that it'd confirmed to him.

SLOC told this service that it'd made a presentation error when it'd described the £806 deduction as an early exit charge on the January 2023 statement. It said it was a deferred charge. And that it was taking steps to correct this.

SLOC said that no fees had been deducted from the pension between February 2006 and December 2021. It said the £806 deduction related solely to the regular plan administration fee of £4.07 per month. It also provided evidence of the fee structure that Mr D was subject to.

Our investigator didn't think that SLOC had made an incorrect deduction or transferred the wrong amount to Mr D's chosen provider. But she acknowledged that the size of the deduction would've come as a shock to Mr D. She said she understood why he'd been confused and frustrated as he'd been given inaccurate information by SLOC. Our investigator felt that SLOC hadn't communicated in a way which was clear, fair and not misleading. She also felt that it'd taken a long time to let Mr D know about the errors.

While she didn't believe that Mr D had been materially impacted by the error, as he hadn't noticed the lower transfer amount before SLOC informed him about it in May 2024, our investigator felt Mr D had experienced a loss of expectation. She felt that as SLOC had taken so long to inform Mr D about its error, and given the loss of expectation, it should pay him £175 compensation.

SLOC agreed with the resolution our investigator had proposed for the loss of expectation it'd caused.

Mr D didn't agree with our investigator. He made the following points:

- SLOC had admitted it'd made presentation errors which it was "*trying to correct.*" It'd also sent him factually incorrect correspondence about the transferred amount.
- The information it'd provided had been misleading. SLOC's correspondence had advised Mr D to call for further information, which he'd done, but he'd also been given misleading information on that call.
- Mr D said he'd decided to transfer his policy on the basis of the information SLOC had given him on the 6 February 2023 call. He said if SLOC had provided him with the correct information about exit fees during that call he wouldn't have transferred. He felt that all of the errors SLOC had made pointed to deficiencies in financial conduct.
- Mr D didn't agree with our investigator that it mattered that he hadn't noticed a lower amount than expected had been transferred until SLOC informed him about the correct figure in May 2024.

Our investigator agreed with Mr D that SLOC hadn't always used the correct term for the exit charge/deferred fees in its correspondence. She also agreed that some of SLOC's correspondence had been misleading about the amount Mr D would get if he were to: *'take*

your benefits now'. She felt that some of the information provided had assumed that Mr D had no deferred charges to pay, which wasn't the case.

Our investigator didn't agree with Mr D that his decision to transfer had been based on the incorrect information he'd been given on the 6 February 2023 call. She said that the transfer had already been initiated before that call. She also noted that SLOC had offered to allow Mr D to transfer his pension back to it without incurring any financial loss on his investments, but with the correct £806.61 deferred charge still standing.

Our investigator noted Mr D's point about the relevance of when he'd found out that a lower amount than he'd expected had been transferred. She explained that this service considered a number of factors when deciding compensation, including the impact of the error on the consumer and the loss of expectation. She felt that as Mr D had only become aware of the error in May 2024, it'd been from that point on that he'd become aware of the loss of expectation SLOC had caused.

Our investigator still felt that compensation of £175 was fair for the errors and misleading information SLOC had provided. She still felt that the deferred fee had been correctly charged.

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

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.

Having done so, I'm going to uphold it. But I agree with our investigator that the correct deferred charge was used for Mr D's transfer. I'll explain the reasons for my decision.

It's clear that some of the information that SLOC provided to Mr D was misleading or incorrect. SLOC has acknowledged that some of its correspondence has presentation errors and is taking steps to correct these.

Where a business has made a mistake, such as by providing incorrect information to a customer, this service would generally seek to restore the affected customer to the position that they should be in, had the mistake never occurred.

In this case, what should've happened is that SLOC should've always provided Mr D with clear and correct information about the value of his pension if he transferred. This would've included the correct deferred charge of £806.

Mr D said that he only made his decision to transfer following his call with SLOC on 6 February 2023. But the evidence shows that his chosen provider had already requested the transfer on 31 January 2023. Therefore if Mr D still considers that he only made his decision to transfer after the 6 February 2023 call with SLOC, he may want to look into why his chosen provider had already requested the transfer before that date. But as the transfer request had already been sent to SLOC before the 6 February 2023 call, I can't fairly say that Mr D based his decision to transfer on the information he was given during that call. In any event, I'm satisfied that SLOC has made a reasonable offer to accept Mr D's correct transfer amount back, with no loss to him, if he would prefer to return his funds to it.

Given the information SLOC provided, Mr D clearly felt that he would be transferring £1,056.07 of pension to his chosen provider. But SLOC has provided evidence that it transferred the correct amount of £260.15, after the deferred charges were taken from the

pension. However, it took SLOC more than a year to identify that it'd provided Mr D with incorrect information about the amount it'd transferred.

Therefore, between March 2023 - when SLOC incorrectly informed Mr D that it'd transferred £1,056.07 to his chosen provider - and May 2024 - when it told him about its error - Mr D would've reasonably expected to have around £800 (plus investment return) more in his pension than he actually did.

I therefore agree with our investigator, and for the same reasons, that Mr D has suffered a loss of expectation. But I also agree that SLOC used the correct deferred charge for his transfer. I say this because the evidence shows that no fees were deducted from Mr D's pension between February 2006 and December 2021, despite fees of £4.07 each month being payable. I'm therefore satisfied that the £806 SLOC deducted before transferring Mr D's pension to his chosen provider was correct.

I've gone on to consider whether SLOC should be required to honour the amount it said it'd sent to Mr D's chosen provider. Mr D told our investigator that it shouldn't matter that he didn't realise he'd received a lower transfer amount than expected for more than a year.

While I understand why Mr D feels this way, I can't fairly and reasonably ask SLOC to honour the incorrect amount it quoted in its March 2023 letter. There are sometimes cases where this service might ask a business to honour an incorrect quote – for example, where a customer has already spent funds they had no reason to assume they weren't entitled to and now has no way of paying them back. But I'm not persuaded that this is the case here. I'm satisfied that although SLOC did clearly provide Mr D with incorrect and misleading information, leading to a loss of expectation, it did transfer the correct amount to his chosen provider.

I finally considered the compensation SLOC should pay Mr D for the loss of expectation and the distress and inconvenience it's caused him.

Distress and inconvenience

I agree with Mr D that SLOC has made misleading presentation errors and failed to provide him with clear and correct information about his pension, both before and after the transfer. I can also see that Mr D took steps to get further information given the lack of clarity in the written correspondence. As SLOC should've sent clear and not misleading information to Mr D, its failure to do so has caused distress and inconvenience. There's also been a loss of expectation here, as I noted above.

Overall, I agree with our investigator that SLOC should pay Mr D compensation of £175 for the loss of expectation and the distress and inconvenience that its errors have caused him.

Putting things right

Phoenix Life CA Limited trading as Sun Life Financial of Canada must pay Mr D £175 compensation.

My final decision

For the reasons explained above, I uphold Mr D's complaint. I require Phoenix Life CA Limited trading as Sun Life Financial of Canada to pay Mr D £175.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 April 2025.

Jo Occleshaw
Ombudsman