

The complaint

Ms N complains that Phoenix Life Limited has incorrectly cancelled a direct debit instruction used to collect monthly contributions for a pension plan that she holds with the firm.

What happened

I issued a provisional decision on this complaint in December 2024. In that decision I explained why I didn't think the complaint should be upheld. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

Ms N holds two pension plans with Phoenix. In October 2023 Phoenix says that it received an automated cancellation of a direct debit instruction from Ms N's bank meaning it could no longer collect the monthly contributions due on one of her pension plans. It wrote to Ms N and asked her to complete a new direct debit mandate if she wanted the contributions to continue being collected.

Ms N contacted her bank, and it advised her that the direct debit mandate it held was still active, but no collections had been requested since October 2023. But Phoenix told Ms N that it had rechecked its records and was satisfied that the direct debit mandate had been cancelled. It repeated its request for a new mandate to be completed. Unhappy with that response Ms N brought her complaint to us.

The background to this complaint is complex and involves another party – Ms N's ex-husband. It is unavoidable that I discuss some matters pertaining to him in this decision in order to allow Ms N to understand my reasoning. I have taken all reasonable steps to limit the information I disclose about his circumstances. In this decision, I will refer to Ms N's ex-husband as Mr N.

Mr N and Ms N separated their affairs in 2019. Before then both had held two pension plans with Phoenix. And the monthly contributions for all four policies were paid from the same joint account until March 2019. Following their separation, Mr N and Ms N arranged for their pension contributions to be paid from separate bank accounts in their sole names. The amounts of the net contributions that were being paid each month were;

- £41.56 on behalf of Mr N
- £41.56 on behalf of Ms N
- £16.40 on behalf of Mr N
- £10.39 on behalf of Ms N.

It appears that Mr N and Ms N made an error when relocating the monthly pension contributions. Between March 2019 and October 2019 Mr N's bank account paid the two larger contributions, and Ms N paid the two smaller contributions.

Phoenix has told us that Mr N complained about the duplicate contribution he was paying in October 2019. I have seen the response Phoenix sent to Mr N that

confirmed he was paying a contribution to the pension plan of a third party. But Phoenix told Mr N that it couldn't provide him with any further details or assistance due to reasons of data protection.

So, based on the evidence I hold at present, it seems that Mr N and Ms N would have needed to resolve the mixed-up contributions for themselves. And, from November 2019, a contribution of £41.56 was correctly paid from the sole accounts of Mr N and Ms N, together with the correct smaller contributions as set out above.

But it appears that a further error was made when Mr N and Ms N resolved the bank accounts from which the contributions were being paid. Mr N's bank account was used to pay the £41.56 contribution to Ms N's pension plan, and Ms N's bank account was used to pay the £41.56 contribution to Mr N's pension plan.

That error, in itself, didn't cause any problems until 2023. Ms N's pension plan received the correct contribution amount each month albeit paid from Mr N's bank account. And the contributions that Ms N was paying were applied to Mr N's pension plan.

But in October 2023 Mr N decided to end his pension plan. When that happened a number of things occurred that have caused the problems we see on this complaint. As he had cancelled the pension plan, Mr N cancelled his direct debit that was paying the monthly contributions. But as I've explained above that direct debit was actually paying the monthly contribution to Ms N's pension plan. So Phoenix did receive a direct debit cancellation instruction, and so it acted correctly in informing Ms N that the direct debit instruction being used to pay her monthly contributions had been cancelled.

And, since Mr N's pension plan had been closed, Phoenix had no need to collect any further monthly contributions using the direct debit it held against that pension plan. That is the direct debit against Ms N's bank account, that she quite rightly says remains active.

I am conscious that I have provided a very lengthy explanation here about what appears to have happened over the years, and why matters came to a head in October 2023. But from the information I currently hold it appears that Ms N and her ex-husband were responsible for the changes to the direct debit instructions in 2019 that Phoenix used to collect the monthly contributions. And it was errors in those direct debit instructions that have caused the problems we see in this complaint.

I have given some thought as to whether Phoenix should have been able to explain to Ms N what had happened when she first made her complaint. And, potentially, that is something that I think the firm should have been able to explain. Doing so might have meant that Ms N restarted her pension contributions far sooner.

But balanced against that conclusion was Phoenix's advice and offer to Ms N for a new direct debit instruction to be completed as soon as the problems were discovered. That too would have allowed Ms N's monthly contributions to have restarted. I've not seen any reason why Ms N could not have completed a new direct debit mandate so allowing her contributions to restart – even if the root cause of the problem was still under investigation.

So on balance I'm not persuaded that it is Phoenix's actions, in failing to ascertain the root cause of the direct debit cancellation, that has caused Ms N's monthly contributions to remain suspended for an extended period of time.

I understand how disappointing this decision will be for Ms N. But ultimately I think it was either her or Mr N, or most likely them both together, that sent the new direct debit mandates to Phoenix in 2019 that caused the contributions to cross over. I haven't seen anything to make me think that Phoenix had any involvement in those changes. So I don't currently think Phoenix has done anything wrong, or that this complaint should be upheld.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. Phoenix hasn't provided us with anything further. Ms N has provided some additional comments. Although here I am only summarising what Ms N has said, I can assure her that I have read, and carefully considered, her entire response.

Ms N says that she doesn't agree with my provisional decision. She says that whilst there might have been an error when the direct debit mandates were set up, neither her nor Mr N had ever been made aware of those problems by Phoenix. Had that happened she says they would have corrected the errors immediately. And Ms N says that she has checked with her ex-husband and he hasn't been told of any problems by Phoenix.

Ms N has asked how a direct debit for an account that was closed in June 2019 can be cancelled? She says that neither her, nor Mr N, have had access to that account since it was closed. And Ms N asks why her October 2023 payment was not collected (normally around the 18th of each month) when the direct debit mandate wasn't cancelled until 30 October?

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.

As I set out in my provisional decision, 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 Ms N 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.

And I repeat my reflections 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.

I've thought carefully about the additional information Ms N has provided. But I'm sorry to tell her that it hasn't changed my opinion about her complaint. I think however it would be helpful if I provided some further information about the points she has raised in her response.

As I explained in my provisional decision it was unlikely that either Ms N, her ex-husband, or Phoenix would have been aware that the direct debit mandates had been set up incorrectly when they were resubmitted in October 2019. It would have appeared, as Ms N herself thought, that the correct contributions were being paid from the correct accounts. Had the monthly contributions for Ms N and for Mr N been for different amounts I think the error would have been far more apparent and corrected at the time.

The joint account that originally paid the contributions to Ms N and Mr N's pensions had an account number that ended *894. The monthly contributions for all four pension plans were taken from the account until March 2019. The account was closed in June 2019.

Mr N's bank account has an account number ending *013. That account paid the larger monthly contributions on the two pension plans from April 2019 until October 2019. And after that date it incorrectly paid the larger contribution (of £41.56) to Ms N's pension plan together with correctly paying the smaller contribution (of £16.40) to Mr N's pension plan.

Ms N's bank account has an account number ending *551. That account paid the smaller monthly contributions on the two pension plans from April 2019 until October 2019. And after that date it incorrectly paid the larger contribution (of £41.56) to Mr N's pension plan together with correctly paying the smaller contribution (of £10.39) to Ms N's pension plan.

The direct debit that was cancelled was on account ending *013 – that was clearly Mr N's new account rather than the previously used joint account. I can understand why Ms N was confused about this – the direct debit cancellation information Phoenix received and had sent to her showed the account name as being in joint names. I cannot be sure why that was, but on balance I think it most likely a result of Ms N's bank's processes for transferring direct debits many years before not correctly updating the account name – the name would not be normally required for the direct debit to be paid correctly.

I've checked Phoenix's records of Ms N's pension contributions. Those show that the last contribution that was collected was on 18 October 2023. The first missed contribution was the following month on 18 November. So I think that ties in exactly with when the direct debit was cancelled.

I understand that Ms N will remain disappointed with my findings. But ultimately I still think it was either her or Mr N, or most likely them both together, that sent the new direct debit mandates to Phoenix in 2019 that caused the contributions to cross over. I haven't seen anything to make me think that Phoenix had any involvement in those changes. So I don't think Phoenix has done anything wrong, or that this complaint should be upheld.

My final decision

For the reasons given above, and in my provisional decision, I don't uphold the complaint or make any award against Phoenix Life Limited. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 3 March 2025.

Paul Reilly
Ombudsman