

The complaint

Mr A complains that Phoenix Life Limited (Phoenix) provided a poor service and failed to properly administer his annuity.

What happened

Mr A holds an annuity which was paid in line with its normal schedule quarterly in advance from 2004 to the end of 2017. He lives overseas.

On 14 November 2017, Phoenix wrote to Mr A at his overseas address to tell him that his annuity payment for November 2017 had been returned to it as the bank details were invalid. It asked Mr A to complete and return an enclosed bank mandate so that Phoenix could reissue the payment. The letter also explained that Phoenix had placed a temporary suspension on Mr A's annuity which meant that the payments couldn't restart until it received the requested documentation. It explained this was to ensure that payments weren't incorrectly made to the wrong account.

Phoenix sent Mr A a further letter chasing for a response to its 14 November 2017 letter on 22 December 2017. When it didn't receive a reply, it recorded Mr A's annuity profile as gone away and suspended his annuity payments.

On 1 February 2024, Mr A's representative contacted Phoenix to tell it that Mr A now lived in a care home and had a health condition. He enclosed a copy of the power of attorney (POA) he held on Mr A's behalf. He said he'd just discovered the annuity policy document and had questions.

On 12 February 2024, Phoenix rejected the POA as it was photocopied. It explained its certification requirements.

On 19 March 2024, Mr A's representative provided a certified POA. Because it'd been issued overseas, Phoenix asked for an apostille certificate which it said it needed for it to be valid for use in the UK.

Mr A's representative complained to Phoenix on 20 April 2024. He felt the documentation he'd already provided should be acceptable. Phoenix issued a final response to the complaint on 18 May 2024. It said it should've asked for an apostille certificate earlier than it had. It waived its apostille requirements and paid Mr A's representative £100 compensation for the poor customer service.

On 29 May 2024, Phoenix sent Mr A's representative the details of Mr A's annuity that he'd requested in his 1 February 2024 email.

During June, July and August 2024, there were further delays and servicing issues which delayed the restarting of the annuity payments.

On 26 August 2024, Mr A's representative wrote to Phoenix to express his concern about how long it was taking to restart the payments.

Phoenix replied on 30 August 2024 with a further request for Mr A's representative to provide complete/valid bank account details. It said it couldn't proceed without the following:

- 1. An original (or certified copy) of a bank statement. This must be dated within the last three months.*
- 2. Please complete and sign the new bank mandate enclosed return it to us at the above address.*

Mr A's representative replied on 31 August 2024. He felt he'd already provided all the information Phoenix had asked for. He felt that the process was taking too long and noted it was causing him stress.

Phoenix paid Mr A £3,786.40GBP on 12 September 2024. This was the total value of the delayed annuity payments, plus interest. It also issued retrospective payment letters on 12 September 2024 for the delayed annuity payments. And a further letter on the same date which confirmed where future quarterly annuity payments would be sent. However, Phoenix didn't send Mr A's representative a letter to explain what the large payment covered.

On 1 October 2024, Mr A's representative emailed Phoenix about the \$7,869.45NZ it'd paid into Mr A's bank account. He said Phoenix hadn't written to him about this payment, nor had it answered the questions he'd raised in his 1 February 2024 email. He said this was frustrating and that it was causing him stress. Mr A asked Phoenix to quickly respond to his outstanding questions.

Mr A's representative felt that as Mr A hadn't been able to use or invest the money from the late payment, Phoenix should pay him additional compensation. He felt it should make a further payment of \$7,869.45NZ plus interest of \$401.34NZ, that is \$8,270.79NZ, into Mr A's bank account. And that it should pay him, as representative, \$1,000NZ for his time and the stress caused.

Phoenix issued a letter dated 17 October 2024 to answer Mr A's representative's questions. It also investigated the complaint further, issuing a further final response letter on 18 October 2024.

Phoenix upheld the complaint as it acknowledged the poor customer service it'd provided, noting this would've been stressful for Mr A. It said it could've offered Mr A's representative a better explanation of what was incomplete about his bank details in its 9 August 2024 letter. It also said it should've replied to Mr A's representative's 1 October 2024 request for information within its ten-day service level agreement, rather than on 17 October 2024. It apologised for the poor service and paid Mr A £350 compensation. But said that it wouldn't pay him a further \$7,869.45NZ as it'd already paid him all the owed annuity payments. It said it had no way of making those payments earlier as it hadn't received a response to its letters.

Unhappy, Mr A brought his complaint to this service on 24 October 2024, through his representative. He said he had major concerns about Phoenix's administrative abilities. He felt it had a duty of care to ensure regular payment and to keep its records up to date. And that it should've done more to ensure the continued payment of the annuity.

Our investigator didn't think that the complaint should be upheld. He felt that as Phoenix had reinstated Mr A's annuity, made retrospective payments with interest, and paid compensation for the poor service experienced, it'd done enough to put things right. He therefore didn't recommend that Phoenix should pay the additional compensation Mr A's representative had requested.

Mr A didn't agree with our investigator. He still felt an additional compensation payment of \$7,896NZ was appropriate. He made the following points through his representative:

- He said he had no evidence that Phoenix had tried to contact him, his wife or his representative. He asked it to provide copies of all the letters it'd sent.
- He didn't agree that the fact that he lived overseas should've caused the difficulties and delays he'd experienced. He felt that Phoenix's refusal to correspond by email was the real reason the repayment had taken so long.
- Although he acknowledged that Phoenix had added late payment interest to the payment it'd made, he didn't think it was a fair amount for the time he'd been without his pension.

Phoenix told this service that it'd calculated the late payment interest it'd added to the back payments using the basic rate of interest. It said it'd done this because Mr A hadn't been without his money because it'd made an error. If he had, it said it would've used the 8% simple interest this service recommends.

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 not going to uphold it. I know this will be disappointing for Mr A. I'll explain the reasons for my decision.

I first considered whether the evidence shows that Phoenix took reasonable steps to contact Mr A.

Did Phoenix take reasonable steps to contact Mr A?

As noted in the background section, Phoenix wrote to Mr A at the overseas address it held for him on 14 November 2017 and on 22 December 2027. Both letters explained that as Mr A's annuity payment for November 2017 had been returned to it due to invalid bank details, he'd need to complete and return a bank mandate before Phoenix could restart his quarterly payments. I consider that these letters were clear and that they explained what Mr A had to do so that his annuity payments could restart. There's no evidence that Mr A responded to these letters at the time.

Phoenix said that when it received no response to its letters, it then carried out an Experian search to try to find an updated address for Mr A. But this was unsuccessful.

While I acknowledge that Mr A's representative feels that Phoenix should've contacted him or Mr A's wife, Phoenix couldn't take this step. It said that once Mr A's bank had returned the annuity payment as it had invalid details, and given it'd had no response to its letters, there was nothing else it could do. It said the bank couldn't provide customer information to it without a Letter of Authority, which it couldn't get as it hadn't been able to make contact with Mr A. Phoenix also said that it couldn't contact family members unless it'd been notified that Mr A had died. I'm satisfied that Phoenix acted reasonably under the circumstances.

I next considered whether the financial compensation, including the interest added, Phoenix has paid Mr A was reasonable.

Is the financial compensation fair?

Mr A's representative considers that Phoenix should pay Mr A an additional compensation payment of \$7,896NZ.

Phoenix said it didn't think such a payment was warranted. It said it'd paid Mr A the payments it owed him. It said it had only failed to pay these on schedule as it didn't have the details it needed for the payments to be made.

Mr A's representative also feels that Phoenix has yet to add a fair amount of late payment interest to the payment it'd made, given the time Mr A had been without his annuity.

While I do appreciate that Mr A couldn't use the money from his quarterly annuity payments between November 2017 and September 2024, this wasn't due to an error or a failure of administration on Phoenix's part. I say this because when Mr A's November 2017 payment was rejected by his bank, the evidence shows that Phoenix did what it could to try to restart the payments. But it needed Mr A to engage with the process for that to happen, and he either couldn't or didn't engage at that point.

Phoenix has applied late payment interest to each of the back payments it made to Mr A. It has also provided a full breakdown of those payments to Mr A's representative. I'm satisfied that this shows that Phoenix has fairly considered Mr A's loss of use of his annuity payments.

Based on everything I've seen, I'm satisfied that the financial compensation – including late payment interest - Phoenix has already paid was fair and reasonable in the circumstances of this complaint. I'm therefore not going to ask it to pay the additional compensation Mr A's representative has requested.

I finally considered the distress and inconvenience caused by the poor service.

Distress and inconvenience

Mr A's representative didn't agree that the fact that Mr A lived overseas should've caused the difficulties and delays he'd experienced. He felt that Phoenix's refusal to correspond by email was the real reason the repayment had taken so long.

I can see that it's been a time-consuming process for Mr A's representative. I can also see that posting certain information did take longer than an email would've taken. But I'm not persuaded that Phoenix failed to treat Mr A fairly. I say this because I can see that it followed its normal processes which required certain documentation and verification before progress could be made. I don't consider that this was unreasonable,.

Phoenix had acknowledged its communication and case handling failings. Taking the two final response letters as a whole, I can see that it's acknowledged the following shortcomings in its service:

- It should've asked for an apostille certificate in its 12 February 2024 letter, rather than its 26 March 2024 letter. It felt this would've ensured Mr A's representative knew about all of its requirements within one response.
- It should've offered Mr A's representative a better explanation of what was incomplete about his bank details in its 9 August 2024 letter.
- It should've sent Mr A's representative a letter at the time it made the back payments

in September 2024 to explain what the payment represented. And when it replied to Mr A's representative's 1 October 2024 request for information about this, it should've replied within its ten-day service level agreement.

- Phoenix also acknowledged that there were delays in it receiving Mr A's representative's letters.

I haven't found any evidence of further errors or poor administration during my review of this case. I therefore consider that the £450 total compensation Phoenix has paid Mr A for the distress and inconvenience caused by its failings was fair and reasonable, and in line with what I would've otherwise asked it to pay.

I therefore don't require Phoenix to pay Mr A any additional compensation. And I don't uphold the complaint.

My final decision

For the reasons explained above, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 July 2025.

Jo Occleshaw
Ombudsman