

## The complaint

Mr S complains that Phoenix Life Limited trading as Standard Life (Phoenix) online projections of his pension plan declined significantly overnight, causing distress and wasted time in considering alternative pension providers. He wants a detailed explanation of the problem and compensation for the inconvenience caused.

## What happened

Mr S had a Personal Pension Plan (the plan) with Phoenix and kept track of this via his online account. This had a “*Plan your future*” section with a calculator which projected the fund value and benefits available at the selected retirement date (SRD) of age 66 on 8 December 2025. Mr S says his forecast fund had reduced from around £196,000 to £183,000 over the course of a few days, coinciding with his birthday, despite the current plan value increasing. So, he emailed Phoenix for an explanation on 10 December 2023, saying he felt he’d been misled. It replied the next day saying the online calculations were only estimates and weren’t guaranteed. Mr S said his query hadn’t been answered and the projected total value was now less than the current value and the contributions he was due to make over the next two years. Phoenix asked for a screen shot of the problem, so it could investigate further. Mr S said he couldn’t obtain a screenshot. Phoenix checked the system where the forecast fund was around £183,000 and said it would look into it.

Mr S says due to the uncertainty he decided to transfer his plan to another provider. On 14 December 2023 Phoenix received a transfer request via the electronic transfer system, Origo, to transfer the plan to St James’s Place Wealth Management (SJP). On 19 December 2023 Phoenix messaged Mr S advising that him passing his recent birthday had changed the projections used as he was now within two years to the SRD. It said the projections were basic assumptions and weren’t guaranteed to be accurate. Mr S said his question still hadn’t been answered and he’d been misled. Phoenix registered a complaint and said it would look into it. The transfer to SJP was also made on 19 December 2023.

Phoenix subsequently upheld the complaint in part. It said it should have provided an explanation sooner and offered £100 in compensation for the inconvenience caused. It said the online calculator would be reviewed, as it only took account of full years before the SRD not partial years. Mr S said he still wanted a further explanation as his retirement plans had been impacted and he wanted details of how it was proposing to remedy this “*fundamental flaw*” in the calculator. He said the failure to provide a proper explanation had led him to “*investigate transferring*” and to,

*“devote an immense amount of my time in researching the market place, taking professional advice and undertaking the necessary due diligence”*

Mr S said as Phoenix had closed his online account, he had no way of checking the details of the transfer value paid. And he said the payment of the transfer value to SJP on 19 December 2023 meant he wasn’t re-invested until 28 December 2023 and had lost out on investment growth. As a consequence, he said he’d been more than inconvenienced and £100 compensation wasn’t adequate.

Phoenix said it couldn't provide any further explanation about the online calculator and it wasn't yet being reviewed by the appropriate team. But it increased its compensation offer to £300 in view of the additional inconvenience caused in respect of Mr S deciding to transfer to SJP. But it said SJP had requested the transfer on 14 December 2023 and its service standard was to complete this within five working days and it had done so within three working days. With the payment then taking between three to five days to clear with SJP, and that Mr S should ask SJP why it wasn't invested until 28 December 2023.

Mr S wasn't satisfied and didn't accept the increased compensation offer which he said was arbitrary. He wanted more explanation about the calculator and when this would be updated. Phoenix said its increased compensation offer was based on guidance provided by our service. It said once Mr S had passed his birthday the calculator assumed he had only one year to SRD rather than the full period of nearly two years. It said the review of the calculator still hadn't started.

Mr S referred his complaint to our service making a number of points and our investigator looked into it, but he didn't uphold it.

Our investigator said Phoenix hadn't initially explained why the change in calculation had occurred. But that the calculator was only intended as a general guide, being based on various factors including the time until the SRD. He said our service couldn't tell a business how to operate or to change its processes, which was the Financial Conduct Authority's (FCA) role. He said whilst it was concerning for Mr S to have seen the forecast value reduce, this wasn't guaranteed and would fluctuate. Our investigator said it was Mr S's decision to transfer and Phoenix had processed this efficiently after it was requested by SJP and wasn't responsible for any delays that may have been incurred subsequently. He said the £300 offered for the inconvenience and delay in explaining how the calculator worked was fair and in line with what our service would have awarded.

Mr S didn't agree and said a number of points hadn't been addressed. Including, whether there was evidence that the transfer value paid to SJP was correct and whether there was any explanation of how the online calculator worked in Phoenix's documentation. He said neither Phoenix nor our service had advised whether there was a "flaw" in the online calculator despite him having raised this months earlier, given the potential impact on other customers.

Our investigator sent Mr S some information including a screen shot from the notes section linked to the online calculator which explained how it worked. He said our service's role was to resolve complaints in a fair and reasonable manner based on the facts and evidence rather than to punish businesses. Mr S said he still didn't think his concerns had been properly addressed by either Standard Life or our service and he made a number of further points.

As Mr S doesn't agree it has come to me to decide.

### **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 am upholding the complaint in part.

Mr S has provided a detailed explanation of his concerns and clearly feels very strongly about what has happened. I'll explain below why I don't think Phoenix needs to do any more

than it has already offered to do. As Mr S is now aware our role is to resolve disputes rather than punish businesses or tell them how to operate. However, if a business does something or has processes that result in poor outcomes for consumers, I can tell it to put things right and pay compensation for any distress and inconvenience caused.

I've broken Mr S complaint down into its component parts below.

### **The online calculator**

I understand Mr S's frustration here, but this is a fairly basic tool that provides only forecasts. The notes to the calculator, which are available by clicking on the page link, set this out clearly. Phoenix does appear to have directed Mr S to these notes the day after he raised his initial query. And there is no evidence that Mr S's actual fund value suddenly reduced, only a much-caveated protected future sum was less than it was previously.

These notes confirm under the heading "*View important information and assumptions*" amongst other details that;

*"The figures you see are estimates and are not guaranteed ...*

- *The tool assumes you're six months older than the retirement age shown. This may overstate or understate the pension projection by assuming more or less monthly payments are made and more or less growth is achieved."*
- *We've assumed your earnings will grow by 3.5% a year, and that your monthly pension payments will go up at the same rate. Your monthly pension payment is an average based on payments made over the past 12 months, and is assumed to continue until the retirement age shown.*

From these assumptions I think it is clear the calculator is not very client specific and Mr S's circumstances regarding contribution amounts and other factors were quite different from the assumptions used. Mr S says this is "*unquestionably flawed*" and I'd agree it is limited, but I don't agree that is unacceptable as he also says. Because it very much appears to me that the purpose of the calculator is to rapidly provide a general snapshot of what type of benefits could be available rather than a definitive forecast. Providing individually personalised illustrations is more complex and Phoenix sent Mr S an annual statement with more detailed projections each year also. These annual statements and the notes on the online system also suggest that consumers take financial advice and clearly state that any information provided isn't advice.

I think Phoenix probably does want to update the calculator as not reflecting the last year or so of growth will have a notable impact on the predicted future value, given the investment return is assumed to be 5% per annum. But like any business it can choose how and when it wants to change things, and Mr S had already taken his custom elsewhere effectively resolving any issue created for him. So, as soon as Phoenix advised the calculator only took account of full and not partial years on 29 February 2024, it had, I think explained the issue fully.

Mr S raised his initial query at 12.21 p.m. on Sunday 10 December 2023. SJP submitted a transfer request, presumably having already provided him with financial advice, at 11.12 a.m. on 14 December 2023. I don't think this provided Phoenix with a reasonable time to make any meaningful response to Mr S's queries. When it did respond on 19 December 2023, it was also separately completing the transfer to SJP, when he made his formal complaint. I asked Phoenix to provide further information around Mr S's transfer given the further queries he has raised. Phoenix confirmed it had provided SJP with information about the plan in August 2023, well before the issue with the online calculator arose. So, it appears

Mr S was already considering transfer. And I think it is more likely than not that he simply actioned this following the issues in December 2023.

### **Ongoing communication**

Mr S has complained that in acknowledging his complaint on 27 December 2023 Phoenix told him he would still receive routine correspondence about his plan but didn't following the transfer. I don't think that is unusual or unreasonable. As the transfer was requested via Origo, Phoenix would have confirmed the details back to SJP via Origo and it was up to SJP to keep Mr S updated. Phoenix did send Mr S confirmation of the transfer value paid as I'd expect it to.

And in respect of the issues around the calculator and his complaint Phoenix also communicated with Mr S as I would expect it to. Following his initial query on 10 December 2023, Phoenix replied at 15.12 on 12 December 2023 directing him to the system notes. He immediately asked for a further explanation to "*justify this significant unanticipated 'overnight' reduction*". Phoenix asked for a screenshot to help look into it and Mr S replied at 17.12 on 12 December 2023 saying he couldn't see the prior projection, but it had been significantly higher a week before. This was referred to the relevant department the next day, who replied on 19 December 2023. Phoenix then provided further explanations in answering Mr S's complaint and I think it did so reasonably.

Mr S also says it was wrong that his online access to plan information ended on transfer, as other providers didn't do this, and he'd still had online access to historical information. Providers approaches may differ here, and it is important to note that most providers offer online access only as an additional service, which isn't guaranteed to be available. So, I don't think closing the online account on transfer was unreasonable. And it doesn't mean that historical information is no longer available.

### **The transfer itself**

Mr S has made additional complaint points around this which I've raised with Phoenix, as I think it is sensible to deal with them here rather than him needing to make a further complaint. Phoenix has agreed and provided further background details.

SJP requested the transfer on 14 December 2023, with an expected completion date of 26 December 2023, so the Christmas bank holidays were always likely to be an issue. There was an option to have the transfer paid by a CHAPs (same day) payment, but this wasn't requested by SJP. Following a valid transfer request, it is common practice for the transferring pension provider to use the next available fund price, in this case 15 December 2023, to calculate the transfer value even if payment itself is made later. That is what happened here and there is no evidence Phoenix made any errors.

Phoenix has shown information from its system confirming that the value paid of £164,971.36 was correct. There was no change in the number of fund units held in the plan and fund prices are published daily. Again, it isn't unusual for overnight system runs to be involved meaning a plan might show as being "live" for a few days after a transfer is scheduled. I think that is what happened here. With Mr S being able to see a higher value on 20 December 2023 despite the transfer being completed and paid to SJP on 19 December 2023, correctly using the fund prices and value from 15 December 2023.

Taking everything together I think Phoenix could have provided Mr S with clearer information initially. But the online calculator is, as the notes explain, a simplified tool. The evidence suggests Mr S had already been reviewing his pension arrangements. And in any advised transfer, as is likely to be the case with SJP, consideration of the potential benefits at

retirement is a key aspect. And because of that Mr S was likely to have had further information available to him. So, I think the distress and inconvenience caused by the calculator issue was modest, and of short duration and the £300 compensation Phoenix has already offered for this is fair.

### **My final decision**

My final decision is that I uphold the complaint against Phoenix Life Limited in part

Phoenix Life Limited has already made an offer to pay £300 to settle the complaint and I think that offer is fair in all the circumstances.

So, my decision is that Phoenix Life Limited should pay Mr S £300 in compensation for the distress and inconvenience caused.

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

Nigel Bracken  
**Ombudsman**