DRN-5463222

The complaint

Mr B is unhappy that his full pension provision was sent to Firm L in error when he requested a partial transfer in order to purchase an annuity.

What happened

Mr B holds a Stakeholder Personal Pension (SPP) with Phoenix Life Limited (trading as Standard Life)('Standard Life'). He called Standard Life on 13 June 2024 and was advised he could partially transfer his fund to purchase an annuity. He decided to transfer £400,000 and purchase an annuity with 'Firm L', around 45% of his SPP.

Standard Life received a transfer request (via the Origo system) from Firm L. The request set out:

> *"Retirement Benefits*
> *Pre-Retirement Benefits? Yes*
> *Transfer All Funds?: Yes*
> *Approximate Value: 400,000.00"*

Mr B's full SPP fund (of just over £900,000) was transferred to Firm L on 25 June 2024.

Standard Life say Mr B contacted them on 28 June 2024 and asked them why his full pension provision had been transferred to Firm L. Mr B then called a couple of times to chase Standard Life for an answer.

At the start of July Firm L wrote to Standard Life to say they had received too much money. On 9 July 2024 Standard Life told Mr B they were going to request Firm L return the excess funds. Firm L say within correspondence between them and Standard Life that they sent the excess funds back on 29 July 2024, in the sum of £506,480.03.

On 6 August 2024 Mr B raised a complaint about his full pension monies being transferred to Firm L, instead of the £400,000 that had been requested.

On 7 August 2024 Standard Life notified Mr B that the funds had been returned to them and that they would reinstate his pension investments as they had been prior to the transfer on 25 June 2024.

Mr B said he had been happy about the funds being reinvested, as the market fluctuations at the time meant that share prices were good for reinvestment. However, when he checked his value online he was shocked to see that the fund value on 9 August 2024 was £492,708.

Standard Life provided their final response on 24 October 2024, upholding Mr B's complaint. They said that they shouldn't have advised Mr B in June 2024 that he could transfer part of his SPP to purchase an annuity. Because, they usually wouldn't permit a partial transfer from the type of pension Mr B has with them.

Standard Life said that the transfer request received from Firm L was incorrect, as it had asked for a full transfer – which was an error made by Firm L and not them. And their process is to send the full amount when requested, even where there is a discrepancy with the estimated value of the pension. They acknowledged there was a delay in notifying Mr B that the balance of the funds would be returned to them, and explained that was because they had to obtain a concession to allow the partial transfer from his pension.

In order to resolve the complaint Standard Life offered Mr B £250 compensation and explained they had reinstated his policy to what it would have been, had the transfer of the amount above £400,000 not occurred.

Mr B was unhappy with the final response and so referred his complaint to this Service. He said he would like Standard Life to calculate redress as if the funds had been disinvested and held as cash accruing interest (on 25 June 2024) and then repurchase the same investments as at the date the funds were returned to Standard Life in August 2024.
He complained that Standard Life had gained circa £15,000 due to the error.

An Investigator considered Mr B's complaint, and, thought what Standard Life had done was fair. In summary they said the offer of £250 compensation was reasonable given the circumstances, and that Standard Life had put Mr B back into the position he would have been in, had the correct amount been transferred (£400,000). Mr B had therefore not lost out financially, and so this was a fair way for Standard Life to have resolved this complaint.

Mr B didn't agree with the view and he asked for an Ombudsman to review his complaint, in summary he said that:

- The value of the units in August 2024 when Standard Life received the excess funds back were lower than the value of the units when the funds had been disinvested in June 2024. So Standard Life have benefited from the error that occurred.
- He couldn't make any investment decisions whilst the funds were with Firm L. For example, purchasing another annuity, or changing his mix of investments. The assumption has been that he would have left his investments as they were. Mr B says he moved his monies to a different fund on 5 March 2025.
- Having £506,480.03 in cash with Firm L on 5 August 2024 to having £492,708 invested with Standard Life on 9 August 2024 is a financial loss.

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 appreciate this will come as a disappointment to Mr B, but, having done so I'm not asking Standard Life to do anymore. I will go on to explain why below.

Mr B's complaint centers around the incorrect transfer of his full pension fund to Firm L. Standard Life agree they provided Mr B with inaccurate information when he contacted them in June 2024, so I haven't needed to consider whether or not this information was accurate.

But, Standard Life don't accept responsibility for the full pension monies being transferred. They say that the request received from Firm L was for the full pension amount and so they acted in line with their internal processes by carrying out the transfer – even though the approximate amount was less than half of the pension value.

I think it's likely Mr B would have taken a different action had he been provided with the correct information when he called Standard Life prior to the requested transfer. As he would have been made aware he couldn't transfer only some of his pension fund – and so it may not have been possible for him to use part (£400,000) of his SPP monies to purchase an annuity. He would therefore have needed to consider his options again.

It follows, therefore, that an incorrect transfer request would likely not have been received by Standard Life from Firm L. That's not to say Firm L did not make a mistake – but I'm not able to, and haven't, considered Firm L's actions under this complaint.

Even though Standard Life do not accept they bear full responsibility for the error, they have offered to redress Mr B for it. Mr B is unhappy with the way that redress has been awarded, and so it is this point that I will focus my decision on.

It's worth at this point explaining that my role in Mr B's complaint is to consider what would likely have happened, had the error not occurred. And to decide if Standard Life's offer of redress puts Mr B back into the position he would have been in, had his pension monies not been transferred away incorrectly.

I appreciate that Mr B is upset that the way redress has been calculated means that Standard Life may have gained from the error that occurred. But it's not my role to consider if a business has gained (or lost) financially due to their error. In complaints of this nature either can occur due to the nature of investments.

My role is to consider whether or not Mr B has been financially disadvantaged due to Standard Life's actions.

Mr B has said that the opportunity to do something else with the remaining monies between 25 June 2024 and around 7 August 2024 was taken away from him. It's not possible for me to conclude exactly what would have happened during this time. So, I must consider what was most likely, based on the information I have been provided with by both parties.

Mr B didn't give Standard Life any instructions prior to 25 June 2024 in relation to the remaining funds. And he has not indicated to this Service that he had set plans to change the way these funds were invested, or to use them in a specific way, for example to purchase another annuity. Mr B could have made changes to his investments from early August 2024, but he didn't do so until March 2025 – more than six months later. So, I can't agree Mr B had immediate plans to change the way his funds were invested.

Mr B has suggested, in order to redress him, that the funds remain in cash for the period from transfer to reinvestment, with interest accruing on the cash. And he has told this Service that he would likely have agreed, if asked, for the funds to be reinvested in the same way as they were prior to the transfer, had he been asked what he wanted Standard Life to do, when the funds were reinstated, as the market was good at the time. On his complaint form Mr B states:

> *"I was quite pleased as share prices were relatively depressed and it was a good time for the re-purchase of the various funds that I had been invested in previously."*

I appreciate that when Mr B looks back on the events from 25 June 2024, with hindsight, it would be financially beneficial for him for the excess funds to have disinvested on 25 June 2024 and then be reinvested in early August 2024 when the unit prices had dropped. However, had the error not occurred his fund would never have disinvested on 25 June 2024 – he didn't instruct Standard Life to do so, there's no indication within the evidence provided that he intended to do so, and he didn't change anything until March 2025 once he was able to. And so there never would have been the opportunity to gain financially during that period of time, by being out of the market in the way he now describes.

Standard Life have put Mr B’s pension fund back into the position it would have been in had the transfer never occurred. I think that is a fair way for them to have offered to redress for the incorrect transfer of the excess monies. I say that because, for the reasons set out above I think it’s most likely that the monies would have remained invested as they were prior to the transfer during this period. As such, Mr B has not been financially disadvantaged by the error that occurred. The resolution is in line with what I would have suggested, had the complaint come to me prior to an offer being made, as such I find it to be a fair and reasonable offer.

Standard Life have offered £250 compensation, for the misinformation they provided to Mr B in June. I have considered the stress and inconvenience Mr B has described and feel this offer is fair and reasonable under the circumstances.

<u>Summary</u>

I’ve not seen any evidence to suggest that Mr B would have made any changes to the remaining funds within his SPP during the period from 25 June 2024 to early August 2024. As such I think it most likely they would have remained invested in the same funds during this period.

Standard Life have reinstated the units he held within his pension, prior to the incorrect transfer, and offered £250 compensation. This is a fair way for them to have redressed the error that occurred and so I’m not asking them to do any more.

My final decision

I appreciate this will come as a disappointment to Mr B, but I don’t uphold Mr B’s complaint against Phoenix Life Limited.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or reject my decision before 13 June 2025.

Cassie Lauder
Ombudsman