

The complaint

Mr M has complained that Pension Insurance Corporation plc (PIC) caused him considerable distress and concern when it told him the electronic identity verification checks it needed to undertake to begin making pension payments had failed.

Mr M feels that he shouldn't have had to send further documentation to verify his identity as there was sufficient information online that PIC could have obtained to do this.

What happened

Before Mr M could begin receiving his pension payments, PIC needed to undertake identity verification checks and used a third party to do so.

Unfortunately, however, this process wasn't successful, and so PIC requested that Mr M provide further documents to complete the identity check.

Mr M was unhappy with this, saying that he'd lived in his current property for 14 years and all of his life in the UK. He was disappointed that he would need to send original documents to demonstrate his identity as he'd done so before and a document had been lost.

In its response to Mr M's concerns, PIC confirmed that it had used his name, date of birth and address in the searches. Unfortunately, however, it was unable to confirm the reasons as to why the verification by the third party had failed, as it didn't specify the error as part of the results. PIC was only informed if the check had been successful or had failed.

It added that, in relation to the documentation it requested, this was consistent with its normal policy and procedures. It said that it needed to have sight of Mr M's original birth certificate, original passport, or his original driving license.

PIC said that it had certain processes in place as a security measure. They existed to protect its members' assets. However, it could appreciate why its request may have caused some annoyance and it offered its sincerest apology for this.

It could confirm that it was awaiting Mr M's identity documentation, and if he didn't wish to send originals, it said that he could send in certified copies. Once received, the payments could begin, PIC said.

Mr M remained unhappy, however, and referred his complaint to this service.

PIC then confirmed that, whilst maintaining that it had properly followed its process, as a gesture of goodwill it would offer to reimburse Mr M the post office fees that he'd needed to pay, amounting to £12.75.

The investigator conveyed this to Mr M, but he rejected it, saying the following in summary:

- It was unbelievable that it had made this offer. He'd enclosed a note to say that this is what it cost him, plus the postage which was £3.35 for a tracked delivery. Otherwise,

he was certain that PIC would have denied having received the copy of his passport.

- There was a principle here which PIC had completely missed – it used a third party company to verify his identity electronically which had been totally incompetent and hadn't provided a reason as to why he was a "persona non grata" in a country in which he had lived all of his life and paid his taxes and national insurance.
- Mr M added that PIC's processes warranted a much closer inspection by an independent body as there was a fundamental issue with its systems. As a resolution, however, Mr M said that he would accept £100 as being a fairer outcome.

Having considered the complaint, the investigator didn't think that it should be upheld, saying the following in summary:

- It was clear that Mr M had found it very stressful and worrying to be told the initial electronic verification checks failed. This was understandable, especially when he'd not been provided with a reason as to why this was.
- The role of this service was to consider individual complaints about firms such as PIC, and to establish if an error had occurred in the circumstances of that complaint. However, our role wasn't to punish a business for their processes and practices, or to tell them to make changes in this respect. This would be the role of the regulator, the Financial Conduct Authority (FCA).
- PIC are expected to verify an individual's identity before proceeding to start paying pension benefits. This was a standard process for all firms to protect against scams and to ensure pension payments go to the correct person.
- To make this process as convenient and timely as possible, many providers use third party companies to complete verification electronically. However sometimes these checks can fail, as happened in Mr M's case. This made Mr M feel like he was being questioned as to who he was, and he couldn't see a reason for the check failing given that he'd lived in the UK all his life and paid taxes and National Insurance throughout. Mr M had also previously been a director of limited company, and so his details were also recorded with Companies House.
- It was understandable how frustrating and concerning this was, but unfortunately electronic verification checks could fail for a number of reasons, even for something as minor as a "typo", although it wasn't known what the cause was in his case. PIC hadn't given the reason for the failure of the verification checks and so it wasn't able to tell Mr M, or the investigator, why this was.
- However, as it was unable to verify Mr M's identity using the electronic system, PIC would be expected to complete verification in another way.
- PIC wrote to Mr M within two working days of receiving his completed 'Retirement Decision' form to confirm the electronic checks had failed. It therefore acted promptly to complete verification. The documentation it requested was the same as it would have required, had Mr M not agreed to electronic verification in the first place, so the same as it would request from all customers in that situation. This was set out on the original retirement form that Mr M completed, so what it requested from Mr M wasn't unreasonable.
- Because Mr M required certification from the post office to send copies of the

required documents, and he wished for delivery to be tracked, this was a cost which he wouldn't have incurred had the electronic checks passed. PIC had reimbursed these costs in its offer as a gesture of goodwill and this was fair and reasonable in the circumstances.

- This was because, whilst the failure of the electronic verification was upsetting for Mr M, this wasn't caused by an error on PIC's part. And PIC took reasonable steps to ensure it completed verification by alternative means promptly.
- PIC had confirmed that Mr M would receive his first pension payment on 30 April 2025 which would be a payment for £793.56, plus a further payment of £521.79 for the period from 11 April 2025 until 30 April 2025. It was the investigator's understanding that 11 April 2025 was Mr M's original retirement date and therefore she was pleased PIC was ensuring he hadn't missed out on any of his pension payments.
- In summary, based on what she'd seen, the investigator said that she couldn't conclude that PIC had acted unfairly or unreasonably in the process it had followed to verify Mr M's identity before paying his pension income. She appreciated that the failure of the electronic check wasn't Mr M's fault and had caused him concern. However, PIC couldn't have done anything differently here. Therefore, in the circumstances of Mr M's complaint, the investigator said that she couldn't conclude that PIC needed to do anything more to resolve his complaint.

Mr M disagreed, however, and provided a list of his circumstances and attributes which he believed should have ensured that he passed the electronic checks. PIC couldn't therefore pass the blame to a third party, he said.

Mr M added that, when he submitted documentation to verify his choices in two separate pensions, only one of them was processed. The second was mislaid by PIC and it was only after he'd made a phone call four days earlier that this came to light.

As agreement couldn't be reached on the outcome, the investigator notified both parties that it would be referred to an ombudsman for review.

In response, Mr M said that he'd also been on the electoral register since he was able to vote.

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.

And having done so, I've reached broadly the same conclusions as the investigator, and for the same reasons.

It's unfortunate that the electronic verification check was unsuccessful, but as explained by the investigator, this can occasionally happen. The precise reason for the failure is unknown, but although Mr M may feel differently, it in no way impugns or brings into question either Mr M's authenticity or his status as a UK resident or tax payer. As the investigator said, it could be something quite straightforward which meant that the check wasn't successful.

And I think PIC acted correctly in swiftly informing Mr M of the alternative route to verification, which, whilst I accept would have been an inconvenience, was nevertheless an appropriate course of action.

Further, I think the offer made by PIC to refund the post office fees was fair in the circumstances. I'm also pleased to see that the pension payments have begun and that the arrears will have been paid to Mr M. As with the investigator, I don't think it would be fair or reasonable to require PIC to do anything further.

I've also noted what Mr M has said about a broader investigation in PIC's processes, but this wouldn't be the role of this service – as set out by the investigator, we're designed to address individual complaints and, if needed, put matters right in those individual cases.

My final decision

My final decision is that the offer made by Pension Insurance Corporation plc is appropriate in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 October 2025.

Philip Miller
Ombudsman