

The complaint

Mrs G is unhappy with how Phoenix Life Limited dealt with an attempt by a third party to surrender her whole of life policy. She feels it didn't spot the attempt quickly enough and this has caused her significant distress.

What happened

Mrs G had held the policy since November 1988. It was initially held jointly, but she gained full ownership in 2011.

In 2024, Phoenix Life inadvertently sent documents to the previous joint holder which contained Mrs G's details. That individual then contacted Phoenix Life to try to change the beneficiaries, but this wasn't possible. Later in the year they contacted Phoenix Life again and tried to surrender the policy with payment to themselves rather than Mrs G. They were able to go through several stages of the surrender process, but it was eventually stopped after Mrs G became aware of the situation.

Phoenix Life initially needed verification from Mrs G to confirm it was her that had now contacted it. This took a few attempts which was deeply frustrating for her, as she was worried about the previous joint holder continuing to try to access and surrender the policy. Eventually the process was stopped when Phoenix Life confirmed her identity.

After investigating what had happened, it transpired that Phoenix Life's system had also inadvertently reverted to its old settings after a system migration. This meant that its records showed the policy as it had been pre-2011 when it was still jointly held, when it should've showed the policy was solely owned by Mrs G.

Phoenix Life realised the errors it had made and referred the policy to an internal investigatory team. As a result, it subsequently made changes to ensure the situation couldn't be repeated. In response to Mrs G's complaint about the matter it apologised and offered her £750 to compensate her for the distress and inconvenience caused.

Mrs G wasn't satisfied with Phoenix Life's response, as she felt an increase to the compensation was warranted. So, she referred the matter to this service.

An investigator considered what had happened along with Phoenix Life's offer and concluded that it was fair and reasonable in the circumstances and in line with what he would've recommended had the offer not already been made.

Mrs G remained of the view that Phoenix Life should do more. So, as no agreement could be reached, the matter was referred to me to 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, while I appreciate Mrs G will be disappointed, I've reached the same

conclusion as the investigator.

It's clear this situation was handled very poorly by Phoenix Life. The issue of an unauthorised party attempting to amend then surrender the policy should've been picked up sooner. And had that been so, Mrs G would've been spared much of the distress and inconvenience she experienced.

Further, there were instances of personal data being shared that shouldn't have occurred and mistakes such as Phoenix Life writing to Mrs G at an address that wasn't and had never been hers – in fact it was an address belonging to the third party who had been attempting to access the policy. So, I do understand that this would've been very distressing and worrying for her.

But that said, Phoenix Life has acknowledged and accepted that it acted incorrectly, explained what had happened and assured Mrs G that despite the various issues that occurred it ultimately wouldn't have been possible for any payment to be made to the wrong party. It has also apologised and acknowledged that the ordeal will have caused her a great deal of distress.

In all the circumstances, while I'm very sympathetic to Mrs G's situation and recognise the trouble this has caused her, I nevertheless consider that Phoenix Life's offer of £750 in compensation is a fair and reasonable one and consistent with the level of awards made by this service in similar circumstances and which I would've directed had the offer not already been made.

My final decision

For the reasons given, my final decision is that Phoenix Life Limited must pay Mrs G the sum of £750 to compensate her for the distress and inconvenience caused by the issue, if it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 29 January 2026.

James Harris
Ombudsman