

The complaint

Mr W complains that Policy Services Limited ('PSL') led him to believe the value of his pension was higher than it actually was. Mr W says as a result, he believed that he had more monies in his plan to spend on his retirement than was actually the case.

Mr W would now like PSL to properly recompense him for the stress and impact their error has had on him and pay 3.25% of the funds that were deducted from him in compensation.

What happened

In 2022 and 2023, PSL issued statements to Mr W where one of the investments held was inadvertently counted twice. The error meant that Mr W's total portfolio was showing almost double its true value.

Mr W states that given the value of the two statements, rather than looking at different investment strategies for his funds, he decided to leave the monies where they were as the growth he thought he was achieving was far exceeding his expectations.

In 2024, PSL sent an updated statement to Mr W which showed the correct value of his pension. Shortly afterwards, Mr W decided to formally complain to PSL. In summary, he said that he was unhappy they had led him to believe his pension was worth around £120,000 more than it actually was. Mr W explained the error had prevented him from investing elsewhere and had he known the true value of his pension, he'd have considered other investment strategies. Mr W explained that the error had caused him significant stress, anxiety and sleepless nights.

After reviewing Mr W's complaint, PSL concluded the portfolio reports issued in 2022 and 2023 were both incorrect and apologised for the mistake. PSL said the error had come about as a result of them double counting one of the investments but to apologise, they were offering Mr W a goodwill gesture of £500 for the trouble caused.

Mr W was unhappy with PSL's response, so he referred his complaint to this service. In addition to the points he'd already raised with PSL, Mr W set out the impact on his retirement plans that PSL's actions had made. To put matters right, Mr W explained that he wanted properly compensating for the impact of PSL's error which he felt should be in the region of around 3.5% of the overstated funds.

The complaint was then considered by one of our Investigators. He concluded that PSL's offer of £500 to apologise for the error was fair and reasonable in the circumstances. Mr W, however, disagreed with our Investigator's findings. In summary, he said that no mention had been made about the potential loss of growth over the two years after he'd been misled, nor had a proper consideration been made of the stress and anxiety that PSL had caused him by their inability to conduct their business correctly.

Our Investigator was not persuaded to change his view as he didn't believe Mr W had presented any new arguments he'd not already considered or responded to. Unhappy with that outcome, Mr W then asked the Investigator to pass the case to an Ombudsman for a decision.

What I've decided – and why

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I have summarised this complaint in less detail than Mr W has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts. PSL have already conceded that they made a mistake and misstated the correct balance in Mr W's pension in 2022 and 2023, so I will only focus on what I find to be the key issue here, which is whether PSL's resolution following that mistake is fair and reasonable in the circumstances.

My role is to consider the evidence presented by Mr W and PSL in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, whilst I'm upholding Mr W's complaint, I'm not going to instruct PSL to take any further action beyond what they've already offered - I'll explain why below.

I can well imagine Mr W's disappointment when he learned that his pension pot was worth significantly less than he'd initially been led to believe by PSL, particularly when he'd earmarked much of the monies for various spending priorities. However, using financial services won't always be hassle free and sometimes mistakes occur but when they do, we'd ordinarily expect the business to put the consumer back into the same position that they would've been in were it not for the error. And, having looked at PSL's actions, it seems to me that they've already done that by correcting Mr W's statement. Conversely, had PSL understated the true amount of Mr W's pension pot, I would've expected them to rectify the position by bringing the balance up to its correct position.

When Mr W raised his concerns with this service, he explained that he's of the opinion PSL should recompense him by around 3.5% of the misstated balance. But, as this service wouldn't expect PSL to honour a balance that Mr W would never have been entitled to, we wouldn't typically expect a business to pay a proportion of it either.

Mr W says that as a consequence of PSL setting out a higher balance in his pension than was the case in 2022 and 2023, it influenced his decision to remain in the same investment given the performance had, on the face it, exceeded his expectations. Mr W has gone on to say that as a result, he's missed out on the investment growth potential of other assets that

he may have selected as a result of not moving. Whilst I can appreciate Mr W's reluctance to wish to move his monies when it would appear they were doing well, I can't instruct PSL to provide compensation for a loss that can't be quantified. And, in any event, from what I've seen, Mr W was invested in a number of different funds which should he have wished, he could have switched to an alternative anyway.

PSL have offered Mr W £500 for the trouble that their actions have caused. I've thought very carefully about what Mr W has told this service about the impact that PSL's error has had on him along with the obvious disappointment that I can imagine then followed when he was informed of the correct value of his plan in 2024. Had PSL not already offered to do so, I would have instructed them to pay Mr W £500 in recognition of the impact that their actions have had on him. I'm satisfied that £500 is of an appropriate amount that recognises the severity of the impact the issue has had on Mr W and is fair and reasonable in the circumstances.

My final decision

Policy Services Limited has already made an offer to pay Mr W £500 to settle the complaint and I think this offer is fair and reasonable in all of the circumstances.

So, my final decision is that Policy Services Limited should pay Mr W £500 if they've not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 June 2025.

Simon Fox
Ombudsman