

The complaint

Mr R complains that Phoenix Life Limited (Phoenix) failed to suitably manage his two pensions which have decreased in value since 2020. He wants an explanation for this. Mr R also complains about the service Phoenix has provided, stating that it didn't provide him with the information he requested.

What happened

Mr R has two with-profit self-employed retirement plans with Phoenix. The plans were originally intended to provide a guaranteed level of pension at Mr R's stated pension date. I understand this was set at Mr R's 70th birthday (in 2020) when he started the plans.

Mr R said that his plans changed ownership about four times, but that they ended up with Phoenix. The plans were set up in 1977 and 1985 respectively and Mr R continued to contribute to them until September 2024.

Mr R's two plans entitled him to guaranteed pensions from age 70. The annuities themselves were guaranteed, rather than there being Guaranteed Annuity Rates attached to the plans. As both plans were linked to the With-Profit fund, there was also the possibility of the addition of bonuses to increase the income that Mr R would receive at retirement.

As an alternative to taking his benefits with Phoenix, Mr R could transfer his plans to another pension provider. So that Mr R could compare the benefits that he would receive from different providers, Phoenix needed to provide a transfer value. This was calculated using Notional Cash Factors (NCFs), which I understand are frequently reviewed by Phoenix's With-Profits Committee and Board. The cash value at any time is obtained by multiplying the guaranteed annuity by the NCF then in force.

On 25 January 2005, the business which then looked after Mr R's pensions sent him past performance figures in line with his request. The letter showed reversionary bonus and final bonus figures over the period from April 1995 to January 2005. It showed that from 2002 onward, annual bonuses had been £0.

Phoenix sent Mr R annual plan updates on 9 July 2021. This noted that the plans were with-profits. And that as Phoenix had previously advised, its current approach wasn't to add any new annual bonuses, but to allocate additional returns by way of a final bonus instead. The update contained links to further information about with-profits. And provided a transfer value which wasn't guaranteed.

Phoenix also sent Mr R annual updates on 17 March 2022, 24 March 2023 and 14 March 2024. These all provided a transfer value which wasn't guaranteed.

On 12 August 2024, Phoenix issued plan information to Mr R. This gave the total transfer values for his two plans as £95,123.18 as at 19 August 2024. It also said that the total transfer value as at 8 July 2021 had been £129,293.31.

Phoenix said that it received a letter from Mr R on 21 August 2024. This asked for an

explanation about the large fall in value. Phoenix raised a complaint.

Phoenix replied to Mr R on 27 August 2024. It said that his plan values were linked to NCFs. It explained how it applied the NCFs and said that it would continue to monitor the rates regularly. It said that there wasn't a traditional fund value or Guaranteed Annuity Rates attached to the plans. Instead, it was the pension itself that was guaranteed. It said the guaranteed pension would continue to increase over time until Mr R reached his 75th birthday.

Phoenix explained that the NCFs had reduced in recent years due to increases in current annuity rates, which meant that the cost of providing Mr R's guaranteed pension had decreased significantly. It said this meant that even though his guaranteed pension continued to grow, the cost of providing that guarantee had reduced, leading to the reduction to the value of his plans.

Phoenix issued its final response to the complaint on 31 August 2024. It didn't think it'd done anything wrong. It said that from age 60 onwards, it took the guaranteed pension, added on any terminal bonus (currently zero) and then multiplied this by the NCF to get the transfer value. It said the NCFs weren't guaranteed and would rise/fall in line with current annuity rates.

On 27 September 2024, Mr R asked Phoenix to send him full details of his contributions to both plans. It replied on 30 September 2024 with the information requested.

Phoenix said it also received a letter from Mr R on 1 October 2024 in which he asked it for information about contributions and charges. It issued the information requested on 10 October 2024.

Phoenix said Mr R called it on 24 October 2024 to ask about his retirement options, specifically the Tax-Free Cash (TFC) percentage. Then on 25 October 2024, Phoenix responded to Mr R's request for details of the retirement benefits available to him under his plans. It sent him details of his options under both plans.

The letters showed a total transfer value of £95,836.80 as at 25 October 2024. They also explained that Mr R's plans provided a guaranteed annuity, which had been available since late 2010, but which would be lost if he transferred his pension away. The letters provided details of Mr R's retirement options.

On 25 October 2024, Mr R told Phoenix he wanted to withdraw one pension in full and part of his other pension, subject to the accuracy of the policy funds. Phoenix received this request on 28 October 2024.

On 29 October 2024, Phoenix replied to Mr R. It asked him to call its contact centre and to contact Pension Wise to ensure he'd reviewed all his options.

Mr R wrote to Phoenix again on 18 November 2024. He asked it to show him where in his original contract its explanation of how it set final payments was featured.

Phoenix replied to Mr R on 4 December 2024. It said his queries had been passed to its actuaries and that it would contact him when it'd received a response.

Mr R wrote to Phoenix on 13 December 2024 to ask for information. He wanted to know about each historical business transfer of his plans and when they'd been moved into other investments. He also wanted to know the annual bonuses applied and the transfer values. Mr R chased Phoenix for a response on 29 December 2024.

Phoenix issued a second final response on 24 January 2025, to address Mr R's concerns that it hadn't sent him all the information he'd asked for in a timely fashion. It agreed to send him the information and apologised for the delay. Phoenix upheld the complaint and offered Mr R £100 compensation for the inconvenience caused by the delay.

Unhappy, Mr R brought his complaint to this service. He said he'd believed that for With-Profit investments, when an annual bonus was added it couldn't be removed. He also felt that the values of With-Profit funds couldn't fall.

Mr R also felt that Phoenix hadn't yet supplied the information he'd asked it for in his 13 December 2024 letter. He said he wanted to ensure he received what he was entitled to under the terms and conditions of his original plans.

On 30 January 2025, Phoenix wrote to Mr R to tell him it was still investigating his query. But it enclosed policy documents, including a copy of the original terms and conditions. And on 19 February 2025, Phoenix wrote to Mr R to provide him with more information about the calculations of the NFCs and annual bonuses.

Phoenix told this service the following:

- The guaranteed yearly pension was £8,420.05 for one of Mr R's plans and £2,710.52 for the other. These figures were confirmed in Mr R's annual statements.
- As at 26 February 2025, the current transfer value was £71,868.31 for one plan and £26,134.49 for the other. The total value had therefore increased since the figures shown in the March 2024 statement.
- Mr R had yet to take his retirement funds.
- Phoenix felt it'd provided all of the information Mr R had requested.

Mr R said he still hadn't received a proper reply from Phoenix to his 13 December 2024 letter. He said he would be 75 soon and expressed concern about losing his right to take 25% tax free out of his plans because of Phoenix's negligence.

Our investigator didn't think Phoenix needed to take any further steps to put things right. She said it'd correctly calculated the fund value using the NCFs. She also explained that the cost to provide the guaranteed pension had considerably reduced in recent years due to factors outside of Phoenix's control. She therefore felt Phoenix had acted fairly. Our investigator noted Phoenix had taken longer than it should to provide the information Mr R needed to make an informed decision. But felt that the £100 compensation it had paid was fair.

Mr R didn't agree with our investigator. He made the following points:

- He felt the plans he'd taken out were with-profit plans, which he'd expect them still to be. He felt he now held a completely different product since no annual bonuses had been applied.
- Mr R said he'd asked Phoenix for information on 13 December 2024 about: "*the date that the policies changed from With profit to another type of funds and why*". He said it still hadn't provided a response.

Our investigator explained that since the 2000s, most pension companies had significantly dropped their annual bonus on with-profit plans. She said this had been done in the face of the declining stock market and the faster growth of life expectancy to ensure guarantees

could be paid in retirement. She said this didn't reflect a change in Mr R's product.

Mr R made the following additional points:

- He said he'd taken out a With-Profit Endowment Policy and Phoenix had turned it into "*National Cash Factor*" without his consent. He asked if his original policy gave Phoenix power to fundamentally change the policy as it had. He wanted to know how Phoenix had the power to change his original contract.
- He still wanted Phoenix to provide him with all the details he'd requested about the changes to his plans. And their values if his plans had remained with-profit.

Our investigator re-confirmed to Mr R that his plans had been and remained with-profits plans. And that their value was calculated using a 'notional cash factor' calculation. She then wrote to Phoenix to explain what Mr R still wanted from it.

Phoenix said it had been working on Mr R's information request since receiving the March 2025 request. It said it'd sent him a holding letter on 28 April 2025. It then wrote to this service in response to our request for further information for Mr R in May 2025. It confirmed the dates Mr R's plans were transferred from one business to the next. It also provided the values of his plans at the times of the transfers and information about the annual bonuses that had been applied to his plans each year. It also reconfirmed that Mr R's plans were both still with-profit.

Mr R wrote to Phoenix on 9 June 2025 to tell it he wanted to withdraw his 25% TFC before his 75th birthday later in 2025. He asked if he could flexibly drawdown the remainder of his funds. On 30 July 2025, Mr R told this service that he hadn't received a response to his letter. But he said he had received a "*cashing in document*" from Phoenix. He said he'd called it about this and had been told that he'd have to cash in his plans in full or buy an annuity. He wanted to know if it was a legal requirement for him to do this. Also on 30 July 2025, Phoenix wrote to Mr R to tell him that it didn't offer drawdown on his type of plan.

Mr R felt that Phoenix was acting unfairly in not letting him access the remainder of his funds by flexible drawdown.

Our investigator explained that not all pension providers offered this option. And that it was reasonable for a business to make its own decisions about what products to offer.

As agreement couldn't be reached, the complaint has come to me for a 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, I'm not going to uphold it. I know this will be disappointing for Mr R. I'll explain the reasons for my decision.

I first considered whether there's any evidence that Phoenix converted Mr R's plans into different policies from those he took out.

Has Phoenix unfairly changed Mr R's plans or acted outside of those plans' terms and conditions?

I can see that Mr R feels that although he took out with-profit plans, he now holds completely

different products. Mr R also questioned what gave Phoenix the right to fundamentally change his plans.

Our investigator has explained to Mr R that his plans are still with-profit, although the annual bonus has been £0 for some time. Phoenix has confirmed that Mr R's plans are still with-profit plans. And all of the evidence I've been provided with shows this to be the case.

I've not been presented with any evidence that shows that Phoenix has acted unfairly, or that it has acted outside of the terms and conditions of Mr R's plans. As I've seen no evidence that Phoenix has made unfair changes to Mr R's plans, I can't reasonably uphold this part of the complaint.

I can see that Mr R's 13 December 2024 letter asked Phoenix for information about: "*the date that the policies changed from With profit to another type of funds and why*".

But I can't fairly ask Phoenix to provide any information on this, as the plans never changed from with-profit. I also can't fairly ask it to provide Mr R with the values of his plans if they'd remained with-profit, as I'm satisfied that they did.

I next considered Mr R's original request for information about the decrease in his total transfer values.

Reduction in transfer values

I can see that the annual plan updates from 9 July 2021 showed that the total transfer values of the plans was £129,293.31. And that the 12 August 2024 plan information showed that the total transfer values had reduced to £95,123.18.

Mr R had been used to his transfer values going up over time, so I can see why he was concerned by the reduction in his transfer values. But I can also see that Phoenix's annual plan updates clearly stated that transfer values weren't guaranteed.

Based on the evidence I've seen, I'm satisfied that Phoenix did make it clear in its documentation that the transfer values could go up or down, and that they were not guaranteed. I say this because all the documentation I've seen states that any transfer value provided is estimated or not guaranteed. I'm also satisfied that Phoenix has provided Mr R with clear and sufficient information about NCFs. And I've no reason to believe that Phoenix applied the NCFs incorrectly or unfairly on Mr R's plans.

Based on the evidence, while I acknowledge that Mr R had reasonable concerns about the reduction to his transfer values between 2021 and 2024, I'm satisfied that Phoenix acted correctly and that it calculated the transfer values in line with the terms and conditions of Mr R's plans.

I next considered if Phoenix has provided Mr R with a reasonable response to his 13 December 2024 letter.

Has Phoenix provided sufficient information to Mr R in relation to his 13 December 2024 information request?

Mr R said he still hadn't received a proper reply from Phoenix to his 13 December 2024 letter. He was concerned that this might mean he lost his right to take his 25% TFC.

In his 13 December 2024 letter, Mr R asked Phoenix to provide information about each historical business transfer of his plans. This wasn't provided until May 2025.

I can see that Mr R simply wants to ensure he will receive what he was entitled to under the terms and conditions of his original plans. So I understand why he wanted this information. But I'm satisfied that Phoenix has now provided the information Mr R requested.

I've gone on to consider whether the compensation Phoenix has paid Mr R for the delayed response to his information request is fair.

Distress and inconvenience

Phoenix paid Mr R £100 compensation for the distress and inconvenience caused by its delayed provision of the information he'd requested.

It's clear from the evidence that Phoenix should've sent this information sooner. It's also clear that it didn't always send Mr R everything he'd asked for in one go. But I'm pleased to see that Phoenix has now provided a reasonable amount of information about how Mr R's plans should and do work. And I agree with our investigator that Mr R does now have enough information to be able to make an informed decision on how he'd like to take his pension benefits.

I note that some of the information Mr R had asked for was in fact already available to him before his request. For example, Phoenix's Principles and Practices of Financial Management (PPFM) document is available on its website. And Mr R had already been provided with a full history of annual bonuses in 2005.

I agree with our investigator that the £100 compensation Phoenix has already paid Mr R for the delay is fair under the circumstances of this complaint. Overall, I don't require Phoenix to take any further steps to put things right. And I don't uphold the complaint.

My final decision

For the reasons explained above, I don't uphold Mr R's complaint.

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

Jo Occleshaw
Ombudsman