

The complaint

Mr C says Phoenix Life Limited, trading as Standard Life, failed to allocate the benefits of his late father's personal pension according to his wishes. He says this has caused him financial detriment. He is also unhappy with its failure to provide him with a response to his Data Subject Access Request (DSAR).

What happened

Mr C's father sadly passed away in January 2024. Aside from his estate, he also had a Self-Invested Personal Pension (SIPP) with a value at the time of around £176,000.

At the moment pensions are not included in a person's estate for inheritance tax purposes. That's because most are structured as trusts. And trustees have discretion over how to pay out the benefits.

In this case Phoenix Life decided to payout the benefits from Mr C's father's SIPP to his spouse (50%) and his two sons (25% each). Mr C disagreed with Phoenix Life's decision and raised a complaint.

Mr C was named in his father's Will as an executor for administering his estate. That Will indicated Mr C and his brother should share the bulk of the estate's assets 50/50. Mr C says this shows his father's intent and the same approach should've been taken to splitting the pension funds. He says the decision taken by Phoenix Life means he's lost about £44,000.

Mr C also provided Phoenix Life with additional evidence in respect of the status of his brother, arguing he'd been financially dependent on their father. Further, Mr C was concerned about Phoenix Life's failure to respond to his DSAR.

Phoenix Life considered the points made by Mr C but didn't change its stance. It set out the various requirements it had to adhere to in making its decision in respect of the SIPP benefits and was content it had done so properly.

Phoenix Life did accept it had failed on several occasions to deal properly with Mr C's DSAR, so while it initially awarded him £100 for this poor service, it increased its offer in this regard to £200, which Mr C rejected.

Mr C brought his complaint to this Service. An investigator considered his case but didn't uphold it. He didn't think Phoenix Life had done anything wrong in respect of exercising its discretion in allocating the pension benefits. And he thought its apology and revised award for its failings in respect of the DSAR request was fair.

Mr C didn't agree with the Investigator's view. He thought Phoenix Life's decision had been based on the absence of an Expression of Will form (EOW). He also thought the compensation offered for its handling of his DSAR was inadequate. He was concerned that because of this failing he didn't have all the information he needed to make his case.

As both parties couldn't agree with the Investigator's view, Mr C's complaint has been passed to me to review afresh and to provide a final decision.

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.

Where there's conflicting information about the events complained about and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what's most likely to have happened.

I've not provided a detailed response to all the points raised in this case. That's deliberate; ours is an informal service for resolving disputes between financial businesses and their customers. While I've taken into account all submissions, I've concentrated my findings on what I think is relevant and at the heart of this complaint.

I'm not upholding Mr C's complaint. I'll explain why.

The first thing I've considered is the extensive regulation around the services like those performed by Phoenix Life for Mr C. The FCA Handbook contains twelve Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 2.1.1 R in the FCA Handbook). These include:

- Principle 2, which requires a firm to conduct its business with due skill, care and diligence.
- Principle 6, which requires a firm to pay due regard to the interests of its customers and treat them fairly.
- Principle 7, which requires a firm to pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

So, the Principles are relevant and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms. As such, I need to have regard to them in deciding Mr C's complaint.

Mr C's father didn't complete an EOW form for his pension setting out who he wanted his benefits to be allocated to. But Phoenix Life still needed to consider all the information it had in the round, including his father's Will.

Mr C is aware the SIPP benefits fall outside of his father's estate. It is the trustees' responsibility to decide who to pay the benefits to by exercising their full discretion in line with HMRC guidelines once they have established the potential beneficiaries.

Phoenix Life had to consider the scheme rules, including groups of potential beneficiaries:

- (a) Any person, charity, association, club, society or other body (including trustees of any trust whether discretionary or otherwise) whose names the Member has notified to the Scheme Administrator prior to the date of the Members death;*
- (b) The Members Dependents;*
- (c) The parents and grandparents of the Member or the Members surviving spouse or Civil Partner and any children and remoter issue of any of them;*
- (d) Any person, charity, association, club, society or other body (including trustees of any trust whether discretionary or otherwise) entitled under the Members will to any*

interest in the Members estate;

(e) The Members legal personal representatives.

Mr C's father had been married and so his spouse automatically fell under the dependent category.

Phoenix Life noted that under HMRC rules, children over the age of 23 are not generally considered a dependent unless there's evidence to say they were or that the relationship was one of mutual dependence. Mr C confirmed he wasn't financially dependent on his father and so the firm classified him as a potential beneficiary.

Mr C has argued his brother should've been classed as a dependent. Phoenix Life didn't agree with his view. But as he is aware, the decision I'm looking at is about matters in relation to his case. His brother will need to raise a separate complaint if he wants to take matters further.

Having reviewed the available information, I'm satisfied Phoenix Life considered the regulatory requirements placed on it, the pension scheme rules and all other information it was supplied with. Having done so I've not seen anything which makes me think it failed to use its discretion in a reasonable way when it decided how Mr C's father's pension benefits should be allocated.

I do recognise that Phoenix Life's failure to deal with Mr C's DSAR means that he feels he might not have all the information that is relevant to making his case. If it doesn't provide him with the information he's asked for then of course he can resort to the Information Commissioner's Office. Further, if new information emerges as a result of the DSAR process which is material to his case he can explore that with this Service.

Leaving the substance of the DSAR to one side, in terms of Phoenix Life's handling of his information request I think the offer of £200 it has made to recognise the trouble and upset it caused him is fair and it should honour that award.

My final decision

For the reasons I've already set out, I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 September 2025.

Kevin Williamson

Ombudsman