

The complaint

Mr B is unhappy that Phoenix Life Limited trading as Standard Life is unable to pay him the benefits from a personal pension as income because he lives overseas.

What happened

Mr B took out a personal pension with Standard Life Assurance Limited (Standard Life) in 1999. That pension business was transferred to Phoenix Life Limited in 2023. For ease I've just referred to Standard Life.

Standard Life's records show that Mr B got in contact on 28 May 2021 to discuss options for taking the benefits from his pension. Standard Life sent him a secure message about the options available. On the same day it sent plan details and the current value along with information about transferring the pension to a Qualifying Recognised Overseas Pension Scheme (QROPS). Mr B says he doesn't recall the conversation and he doesn't now have any information that was sent.

On 6 January 2025 Mr B contacted Standard Life to say he wanted to take the benefits from his pension. Standard Life informed him that, as he lived overseas, his options with Standard Life were limited and didn't include a flexible drawdown facility. During the call Mr B raised concerns which Standard Life investigated.

In its final response Standard Life didn't uphold the complaint and said, when the plan had started in March 1999, flexible drawdown wasn't available. Standard Life explained that the government had changed pension rules to allow greater flexibility in April 2015. Standard Life did have a product – an Active Money Personal Pension (AMPP) – to which customers could transfer which offered a flexible drawdown facility. But, in September 2018, Standard Life decided not to offer the product to overseas customers as it was designed for UK customers and no work had been carried out to check if it met the requirements of non UK jurisdictions. Also, Standard Life doesn't hold the relevant FCA (Financial Conduct Authority) passports and had no knowledge of the regulatory requirements within non EEA jurisdictions. Standard Life then took a similar business decision in January 2021 for its customers living outside the UK in respect of annuities.

Unhappy with Standard Life's response, Mr B referred his complaint to us. It was considered by one of our investigators who issued his view on 14 February 2025, not upholding the complaint. He said we aren't the regulator and it isn't for us to recommend that a business changes its processes. Mr B's personal pension was an older style plan and not written to allow a drawdown facility when accessing the benefits. When new legislation – the pensions freedoms – was introduced in April 2015 to allow greater flexibility when taking pension benefits, pension providers had to make business decisions as to whether they'd offer a flexible drawdown facility and not all providers chose to do so. Standard Life had explained why it initially decided to offer that option to its customers by way of a transfer to another policy – an AMPP. And why it had later revised that decision.

Standard Life had also said there were several reasons why it didn't proactively inform its overseas customers such as Mr B about the change. Including that Standard Life considered

it best to provide customers with the most up to date position about what they can and cannot do with their pension at the time they want to take their benefits. Legislation may change in the future so what Standard Life can tell a customer now may be different at the time they want to take their benefits.

The investigator thought that was a reasonable approach. And there was information available on Standard Life's website, including a section for customers already living outside the UK or planning to do so. The investigator also referred to the discussion Mr B apparently had with Standard Life in May 2021 and the secure message that was sent which explained that his only option was to fully encash his plan, taking 25% tax free with the remainder taxed. It also said, although Standard Life didn't offer drawdown or annuities to overseas customers, other providers might. Mr B was encouraged to shop around and links were given to other providers he might wish to contact. So it appeared he'd been made aware of the changes since May 2021 and the options available to him.

Mr B didn't think that was a fair and reasonable outcome. I've summarised his main points:

- His complaint wasn't about a change to Standard Life's processes but about a material change to a product such that Standard Life had chosen not to honour the contract they'd entered into with an overseas customer. And they'd taken their decision without any warning to customers. His pension plan had been in operation for 16 years when the unnotified changes took effect.
- Standard Life had admitted they didn't communicate to overseas customers the changes. The reasons given were irrelevant as the purpose for which the pension was taken out can't be fulfilled. So it doesn't matter what regulatory changes might've been introduced or what Mr B's tax position might be.
- Standard Life had sent annual updates to Mr B since he'd returned overseas. Each included advice that he can take his pension as a drawdown, annuity or lump sum.
- The investigator had said there were no regulatory requirements for Standard Life to have notified overseas customers of the policy change in September 2018. But a reasonable person would expect any material changes to the contract to be discussed and agreed. If not, compensation should be negotiated. He was paying fees and charges to Standard Life but he isn't getting the value of the contract he signed up for.
- He didn't recall any discussion in May 2021. He didn't dispute that it took place or that information was forwarded to him but he just didn't recall it and he didn't have the documents referred to. In any event what he was told then was irrelevant as it was the same issue then as now.
- The matter had arisen in the UK jurisdiction and that's where it needed to be resolved. It wasn't possible to simply transfer the pension to an overseas provider given the different tax and regulatory environment.
- It wasn't reasonable for a customer to invest time, effort and cost to resolve a matter which had occurred as a result of actions taken by the product provider and to help it extricate itself from its contractual obligations. Living overseas and trying to find a suitable provider in the UK involved a lot of effort. He'd chosen a UK supplier 26 years ago so why should he be expected to do the same again when he wanted to retire. He was disappointed that Standard Life hadn't come up with suggestions which might help reach a negotiated outcome satisfactory to all parties.

Mr B later provided a copy of his annual statement dated 9 March 2025, sent to his home address overseas. He said, despite Standard Life being aware of his complaint, the reasons he'd made it and that he'd resided overseas for over 25 years, the statement still included all

the pension options he'd relied on over the past two decades. He pointed to Section 3 of the statement, headed '*What you could get at retirement*'. But he was unable to avail himself of those options. The last sentence on page 3 says '*You may need to transfer to another product to get your chosen option*' but, in his case, it wasn't '*may need to transfer*' but '*must transfer*'. And there was nothing to indicate that the product would need to be provided by another provider, not Standard Life.

As agreement couldn't be reached the complaint has been referred to me to decide.

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.

I've paid particular attention to the points made by Mr B in response to the investigator's view. But, having done so, I don't disagree with the conclusions reached by the investigator and with the reasons he gave as to why he didn't consider the complaint should be upheld.

First Mr B says Standard Life has chosen not to honour its contract with an overseas customer. I think Mr B would've been resident in the UK when he entered into the contract with the pension sold to him on the basis he was a UK resident. If that's no longer the case then the basis for the contract has shifted, because of Mr B's move abroad.

Standard Life is able to change the policy terms and conditions. Condition 18 contains some general provisions including that the policy can be altered in certain circumstances. Including if it becomes impossible or impracticable to carry out any of the policy provisions as a result of a change in the law or other circumstances beyond Standard Life's control. Arguably at least the latter would include a move overseas by Mr B.

But, even if that wasn't the case, I think the changes in the legislation and regulations introduced in April 2015 meant that Standard Life could alter the policy terms and conditions. A pension is a long term product and it isn't unusual for changes to have to be made during the policy term to keep up with the law and/or regulations. Essentially Standard Life reserved the right to amend its contract with Mr B. I don't agree that he had to agree to any material changes to the contract. Or that he was paying fees and charges to Standard Life but not getting the value of the contract he signed up for. Standard Life has continued to hold his pension fund securely and undertakes other services such as providing annual statements and responding to queries.

Mr B's policy was set up to provide him with an annuity with the benefits of the policy (the Policy Proceeds). Condition 15 (2) of the policy terms and conditions says (in so far as is relevant here):

'On your Vesting Date, we [Standard Life] will cancel all your units and use the Policy Proceeds in accordance with the Rules to buy an annuity payable to you. You can however ask us to use part of your Policy Proceeds to:

(a) pay a lump sum;'

That reflects the position at the time. Historically, a personal pension would be set up to provide a tax free lump sum, usually of up to 25% of the fund value, with the balance used to provide a regular income for life by buying an annuity. Standard Life also withdrew the annuity option in January 2021. But, as I've said, Standard Life was entitled to alter the policy terms and conditions.

In any event, I don't think not being able to buy an annuity is Mr B's concern. As I understand it, he wants to access his policy proceeds flexibly but Standard Life won't offer him flexi access drawdown. As I've said, at the time the policy was taken out, annuity purchase was the default option. Income withdrawal subsequently became available. That option was significantly expanded in April 2015 when the pension freedoms were introduced.

But the legislation is enabling, not compulsory. Which means that it's up to the provider whether it offers access to all the options available under the pension freedoms. And, even where some or all of the options are offered, the existing policy won't necessarily be amended to facilitate the new options. So a policyholder might need to switch to a new product with their existing provider. Or to a new provider altogether. If the latter, Mr B's position is similar to policyholders resident in the UK who will also need to source a new provider. Mr B says it's more complicated and will take more time than if he lived in the UK but sometimes moving to a different country means there's a degree of inconvenience when dealing with assets held in the UK.

I'd add that we can't interfere with a business' commercial decisions, such as the range of products it offers or if it decides to withdraw certain services or products. But we'd expect a business to explain to a policyholder why a particular product is no longer available. I note here that condition 18 of the policy terms and conditions says that before Standard Life alter the policy a notice will be sent to the policyholder's last known address explaining the change. Subsequent amendments may have modified that requirement. But I've considered how Standard Life handled the changes to what it was prepared to offer Mr B, including if he should've been notified earlier.

I think Standard Life has explained to Mr B why flexi access drawdown can't be offered to him. I think issues such as Standard Life not holding the relevant FCA passports is a serious consideration and one that can't be overlooked. So I can understand why Standard Life reached the decision it did to withdraw the product to policyholders living overseas.

Standard Life suggests Mr B was told in May 2021 what his options were. By then Standard Life had withdrawn the AMPP and no longer offered annuities to policyholders living overseas. So Mr B would've been told that his options were limited to taking his fund as a cash lump sum or transferring away from Standard Life. But Mr B doesn't recall that. And, in any event, I don't see much turns on this and when Mr B didn't proceed with taking his benefits then. His complaint centres on what happened some four years later when he did want to take his benefits and what his options were then. But I think the reasons Standard Life gave – as to why it didn't proactively inform its overseas customers such as Mr B about the changes as and when they happened – do stand up. Essentially the position could change so I can see why it was thought best to provide up to date information when a policyholder want to take their benefits.

I don't think it's significant that Mr B's annual statement said he '*may*' need to transfer to another product to get his chosen option whereas, because he lives abroad, he'd definitely need to do that. The statements are standardised documents and give a general indication of the options a policyholder might wish to consider further, with or without the benefit of financial advice. It didn't amount to a guarantee or promise that Standard Life would be able to facilitate whatever Mr B wanted to do with his policy. I also note that Mr B terms what appeared on his annual pension statement as advice which it wasn't. Standard Life is the provider of his pension plan. Standard Life doesn't give advice, only information.

It's clear Mr B would prefer to access his pension savings by way of flexi access drawdown. But his policy proceeds remain available to him, whether by way of transferring or taking a cash lump sum. Standard Life isn't preventing him from accessing his money, it's just that the way in which Mr B wants to do that isn't available via Standard Life.

I can see that Mr B feels very strongly about this matter and that he's been treated unfairly by Standard Life. I don't expect Mr B to agree with what I've said but I hope I've explained why I agree with the investigator and why I'm unable to uphold his complaint.

My final decision

I don't uphold the complaint and I'm not making any award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 August 2025.

Lesley Stead
Ombudsman