

The complaint

Mr B complains that Phoenix Life Limited trading as Standard Life (Standard Life) has delayed a number of separate payments of tax-free cash (TFC). He's unhappy Standard Life says that it cannot set up a regular payment. And that it has given him misleading information and poor customer service.

What happened

I set out the background to this complaint in my provisional decision which is attached and forms part of this decision.

Following the provisional decision, Mr B said:

- He was unhappy that the separate compensation for the delays had been removed.
- Standard Life hadn't paid him a penny and have lied to us, him and his IFA.
- He doesn't believe all his evidence had been taken into account (but didn't specify what hadn't been).
- There is a work around but Standard Life chooses not to use it.
- He had to request a £18,000 payment because Standard Life couldn't guarantee payment and its delays, so he did it to cover multiple months. This meant he had £12,000 out of the market unnecessarily.
- The delays may have not been significantly late but if he hadn't chased Standard Life he would still be waiting for payment now.
- By changing the provisional decision (to remove the loss calculation) I am condoning Standard Life's actions and giving them free-hand to do what they want.
- Going through his emails he submitted would inform me of the points my recommendation has missed.

Standard Life also replied:

- It attached the terms and conditions and said in particular sections 11.9 and 11.25 were of most relevance
- It said as it had confirmed if a client holds an off-platform investment and requests TFC, it needs to know the value of the whole investment to ensure it doesn't go over the 25%.
- It can only guarantee regular payment for tax-free cash if the client has enough cash and holds on platform investments. Taxable income can be guaranteed with an off platform investment retained, if sufficient cash is held.
- If a client wants to retain an off platform investment it has explained it cannot facilitate a regular tax-free cash withdrawal. But despite this the adviser and client have decided to retain it.
- If Mr B's intention is to use his pension to replace his salary and is reliant on this being paid on a certain date, he needs to consider changing his investment choice.

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.

And having done so I am satisfied that the outcome and conclusions I reached in my provisional decision are fair and reasonable.

Mr B remains unhappy that Standard Life says it cannot do regular withdrawals with regards to his tax-free cash and it refuses to use the workaround. However, I've read all the correspondence between all parties including Mr B's IFA and I cannot see that a workaround for the tax-free cash issue has been suggested. Mr B's IFA confirms this in his email to Mr B. On 16 May 2024 Mr B's IFA said: *'I can confirm that they have never indicated to me that this would allow a regular withdrawal of tax free cash from your account - quite the opposite. I have completed and emailed them a drawdown instruction form requesting monthly tax free income since this payment from Prudential was arranged and they have said that it is not possible as you have off platform investments.'*

It appears the workaround that has been referred to is to release cash from the off-platform investment in advance but this only works if the income is taxable. From the evidence I've seen Standard Life has been consistent in saying the off-platform investment cannot be used for regular tax-free cash withdrawals. And it has explained that this is because paying over the 25% tax-free cash allowed would have consequences for it and Mr B with HMRC, so it needs to know the valuation of the off-platform investment before proceeding. I think this is a fair and credible explanation as to why it cannot do what Mr B wishes it to do.

Its terms and conditions say on this matter:

'11.9: Unless the whole lump sum is being provided from the Standard Life investment policy funds, you must ensure that your financial adviser takes all required actions so that there are sufficient funds available in the SIPP cash account to pay the lump sum. Your financial adviser must use the wrap platform to sell investments on your behalf, as explained in section 6.5. If your financial adviser fails to do so, we reserve the right to delay payment of the lump sum or to sell investments on the basis described in sections 6.6 and 6.7.'

and 11.25 says:

'You can ask us to pay you a regular amount which is fully or partly made up of a tax-free lump sum. We call this option:

a) 'tailored drawdown' if your plan has flexible drawdown...

Tailored drawdown is not available if you have any off-platform assets.'

Tailored drawdown is what Mr B has been asking for and Standard Life's terms and conditions are clear that this is not available with off-platform assets, as it has told us. The 11.9 section appears to be the workaround that has been discussed but as explained this still won't overcome the issue regarding the tax-free cash needing to be valued. So I think Standard Life has acted fairly and reasonably here in telling Mr B and his adviser that it cannot offer this option to him whilst he has the off-platform asset. Although I think this could've been communicated more clearly at times, the workaround was discussed for example in the final response but it wasn't linked to the tax-free cash issue which has caused confusion. But in the correspondence I've seen, when talking about the tax-free cash requiring a valuation, Standard Life has been consistent in saying that this means it cannot set up tailored drawdown for off-platform assets.

With regards to the delays in making payment to Mr B, Standard Life had provided evidence that the drawdown form also said *'Additional Investments: If invested in non-PEAs such as*

Property or External Funds, up-to-date valuations may need to be obtained. This can impact the payment date and amount paid for TFC.' And evidence that the off-platform provider had contributed to the delays on at least one of the payments in question.

So, Standard Life had made Mr B and his adviser aware prior to trying to take tailored drawdown that it wouldn't be available with the off-platform investment and that delays in taking tax-free cash could occur. I also need to take the compensation already offered into account and given the evidence that Mr B and his adviser ought to have known the off-platform asset could cause issues, I think that the £350 offered for the poor customer service and delays is sufficient. I don't think another award is required, what Mr B wants isn't offered by Standard Life and he has been made aware of this and the potential for delays.

That said Standard Life did cause delays and gave inconsistent information and I can see some of these delays weren't down to issues with the off-platform asset but rather due to issues at Standard Life's end. Mr B also had to chase it and there was an occasion where it appears it hadn't done anything until he called. But it has offered to pay £350 compensation and the delays weren't significant. This is on the high side of what I'd have considered had there not been an offer made already. And looking at the values involved and the fairly short delays caused, a loss calculation wouldn't amount to much and therefore I think the £350 already offered is fair and reasonable.

I don't agree with Mr B that this gives Standard Life free-reign to do what it wants. If in the future it is responsible for delays Mr B can complain and if it is found to be responsible and hasn't already offered or paid fair compensation, we will consider how to put this right.

I have read all the correspondence Mr B has provided and taken into account all the points he has raised but respectfully my role is to get to the heart of the matter, it is not necessary to comment on every point.

I appreciate it must be frustrating for Mr B not being able to select a set date to receive his income and this is why in my provisional decision I wanted to know more about this issue. But the evidence I've seen shows that he and his adviser were made aware of potential delays and that Standard Life doesn't offer tailored drawdown if off-platform assets are held. It was Mr B's choice to use Standard Life and hold off-platform assets, if he is not happy with the current situation he has options available to him that will allow the type of regular payment he requires.

In conclusion, Standard Life gave poor customer service and was responsible for delays in payment that caused undue trouble and upset to Mr B, however it has offered to pay £350 to compensate Mr B. After reviewing the evidence, I think that the offer is fair and reasonable in the circumstances.

Putting things right

If it hasn't already, Standard Life needs to pay Mr B £350 for the trouble and upset caused.

My final decision

To put things right I require Phoenix Life Limited trading as Standard Life to pay Mr B £350 if it hasn't already done so, to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 September 2025.

A handwritten signature in blue ink, reading "S Hollingshead".

Simon Hollingshead
Ombudsman

Provisional decision

I've considered the relevant information about this complaint.

I am issuing a provisional decision as I don't fully agree with the outcome the investigator reached, and I think more consideration is required to an issue raised by Mr B as part of his complaint.

The complaint

Mr B complains that Phoenix Life Limited trading as Standard Life (Standard Life) has delayed a number of separate payments of tax-free cash (TFC). He's unhappy Standard Life says that it cannot set up a regular payment. And that it has given him misleading information and poor customer service.

What happened

Our investigator set out the background to the complaint in her recommendation letter, I've included an amended copy of this below:

Mr B wanted to set up a flexible drawdown with his TFC. So, Mr B requested a payment on 11 March 2024. Mr B was told payment processing would take 10 working days. He received this payment on 19 March 2024, which was one day late.

Taking the 10 day turnaround into account, on 27 March 2024, Mr B's independent financial adviser ("IFA") made a second request for payment and asked to set up flexible drawdown with payments to be made on the 15th of each month.

Standard Life informed Mr Bs' IFA, they would have to submit a request on a monthly basis for each payment, due to Mr B having an off-platform investment. Mr B felt this was unreasonable as this would make it difficult for him to plan his finances and being told payment dates weren't guaranteed caused him additional stress.

Mr B didn't receive a payment on 15 April, so he contacted Standard Life on 16 April to query this. Mr B said he was told payments could now take up to 12 working days to fulfil, but there was no guarantee. He was unhappy that Standard Life didn't update him of this change, and he only found out after contacting them first. This was paid on 17 April 2024.

On 17 April 2024 Mr B also contacted Standard Life to make a new withdrawal of £18,000 he was told it would be paid within 14 working days – so 8th May.

On 25 April 2024, Mr B queried why Standard Life couldn't offer monthly drawdowns with an off-platform investment as he'd been given conflicting information.

Mr B phoned Standard Life on Friday 10 May to chase payment and was told the process hadn't even been processed. It then seems due to this Standard Life made an immediate payment and Mr B received the money on 10 May – which was 16 working days after the request.

Mr B questions whether the off-platform investment is an excuse as he said his partner had similar delays but didn't have an off-platform investment. And it seems his adviser had taken steps to mitigate this issue. Mr B also said a request was made to Standard Life on 19th November 2024 for TFC and it was paid within three working days.

Mr B explained he was unhappy with the timescales for when his payments would be made, as they kept fluctuating, so he couldn't guarantee when he'd receive his income. Mr B said this caused him stress and made it difficult to plan, not knowing when he will be paid each month. He also told us he had to disinvest money and borrow to mitigate the issues with not receiving his payments in a timely manner.

Mr B was also unhappy with the customer service he received from Standard Life, as he was given conflicting information, and didn't receive call backs as promised from the complaints team.

Standard Life issued their final response and said flexible drawdown wasn't available for off-platform investments. Standard Life accepted their customer service wasn't in line with their usual standards and apologised for not calling Mr B back as promised.

To compensate for the distress and inconvenience caused, Standard Life offered Mr B £350. Mr B remained unhappy with this answer and asked us to look into matters.

Our investigator considered the issues and decided that Standard Life needed to do more to put things right. She said that whilst she thought the £350 compensation was fair and reasonable this only considered the distress and inconvenience caused. Yet Mr B had also suffered loss of use of his money due to the payments being delayed. She said Standard Life had set 10 days initially as its turnaround time and any payment that took longer than that should be redressed at 8% simple for each day of any delay.

Mr B was happy with this solution.

Standard Life said its terms and conditions and literature explained that if an off-platform investment was held this could cause delays. It sent us a copy of the drawdown form that Mr B would've completed and this says 'Additional Investments: If invested in non-PEAs such as Property or External Funds, up-to-date valuations may need to be obtained. This can impact the payment date and amount paid for TFC.'

It explained for payments of TFC, it couldn't pay this without first getting an up-to-date valuation, as if it overpaid the amount of TFC it could be (and presumably Mr B as well) potentially subject to HMRC penalties and in breach of regulations.

It said for one of the delayed payments for example the request for a £4,000 tax-free cash payment was made by the adviser as well as a regular withdrawal for £2,500. It says it passed this to Prudential on 1 April (on the 3rd working day). It chased Prudential on 10 April as it had heard nothing and no cash had been returned to the platform. It was told due to increased demand they were behind in actioning requests and it should be done no later than 25 April. In reality the next day £2,500 was received to the platform from Prudential and the £4,000 tax-free cash was paid to Mr B on 16 April. Confirmation of this was then issued to the adviser confirming payment. And it explained why it couldn't set up a monthly TFC payment because of the off-platform investment but it should be possible to set up a regular withdrawal of cash with the external fund manager.

It said for this reason it shouldn't be asked to stick to a 10-day timescale as it was outside its control and it therefore didn't feel it was fair to pay 8% on top of the payment made for distress and inconvenience.

What I've provisionally 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 am minded to reach a different conclusion to the investigator but I also think the answer we've given isn't complete and so will require further information and submissions before I am able to issue a final decision on this matter.

I agree that Standard Life didn't give good customer service and provided misleading and incomplete information to Mr B. So I'm in agreement with the £350 award for the distress and inconvenience caused to Mr B.

However, it does appear that Standard Life did set out to Mr B and his adviser that having an off-platform investment could cause delays. It's provided clear evidence that the drawdown request form included this information. And it's also said its terms and conditions and other literature also included this information. We only have a copy of the form, so I would like Standard Life in its response to

include the terms and conditions and anywhere else that this was set out to Mr B and his adviser prior to the withdrawal requests starting. However, the fact it was included on the form, suggest it is likely included also in the terms and conditions.

On this basis I don't think it would be fair to award 8% for the delayed payments. This would be an award for doing something wrong in terms of making the payments but seemingly it had already notified Mr B and his adviser that this could be the case. And it has since explained in relation to one of the payments that the delay was outside of its control and due to Prudential. Furthermore, the delays we are talking about here are relatively short and 8% simple interest on the payments will not amount to a lot. I don't think this step is necessary to come to a fair and reasonable settlement - and I think the £350 already awarded sufficiently compensates Mr B for the delays he incurred.

All of this said I am concerned that Mr B seemingly cannot make regular withdrawals on a date of his choosing. The investigator didn't comment on this in much detail (in part due to the lack of information available at the time due to Standard Life not receiving our initial requests for information). But it was part of Mr B's complaint and as he's explained he is using his pension income in place of his salary (and this is the primary purpose of a pension). And not being able to receive an income on a set date is causing him issues. I appreciate it seems the delays only appear to be an issue around the end of the tax-year when withdrawals and other requests ramp up but this problem could occur again the same time next year. And regardless having to put in a request for payment every month is rather inconvenient. So I need to consider whether Standard Life are acting fairly here.

The explanation I've seen for why Standard Life cannot do this is the TFC requires a valuation to make sure it doesn't overpay. And also, the need to have cash available to make the withdrawal. It appears that Mr B's adviser has already put in place a monthly withdrawal from the Prudential Fund and ahead of the need for the withdrawal, so this ought to have solved this issue. If this is incorrect, Standard Life and/or Mr B needs to let me know.

I think I understand the point Standard Life is making about the TFC, it needs to know the overall value of the fund to make sure it is not paying more than 25% in TFC to Mr B. Therefore, it says it cannot set a regular payment date because they are reliant on Prudential giving them a current value each time. It's said there is a solution for Mr B in terms of selling the entire Prudential investment if he is able to do so. Though at times there has been a discussion about another work-around with the cash paid early, it's not clear but it seems Mr B's adviser has already set this up. But what I don't understand is how this would change matters, surely this still doesn't provide a valuation of the Prudential fund. I'd like clarification on this matter from Standard Life and whether there is a workaround. As it doesn't seem right that Mr B cannot set up a monthly withdrawal from a pension.

Presumably once Mr B has exhausted his tax-free cash element and as long as the cash is available, Mr B should then be able to select a regular withdrawal payment date. As the need to value the TFC will no longer be required. I'd like Standard Life to confirm whether or not my understanding is correct here.

If I have understood everything correctly, it does seem that due to the off platform investment it wouldn't be fair to hold Standard Life to a particular turn-around time where the delays are caused by another party. And as Standard Life set this out to Mr B and his adviser prior to the withdrawals, it wouldn't be fair to penalise it for the delay in meeting a ten-day turnaround by adding interest to the payments. However, Mr B does deserve compensation for the poor service and information he was given relating to this matter (£350 to be paid). I appreciate it does appear that one of the delays was purely down to Standard Life as it was able to make the payment the same day, but as I said before I think in the round the £350 already awarded is compensation for the issues Standard Life caused Mr B.

The inability to setup a regular withdrawal date, can only be reasonable if there isn't a viable workaround due to the requirement to value the TFC available – and I'd like further explanation from Standard Life on this matter.

In conclusion, if my understanding set out in this provisional decision is correct and Standard Life provide further/more detailed explanation as to why it cannot set up a monthly withdrawal payment and I deem that explanation fair, I intend to say that all that is left to put things right is to pay Mr B the

£350 compensation for the distress and inconvenience caused.

My provisional decision

My provisional decision is that Standard Life will need to pay Mr B £350 to settle this complaint.

Simon Hollingshead
Ombudsman