

The complaint

Mr K has complained that Phoenix Life Limited delayed the transfer of his pension plans and that he suffered a financial loss as a result.

What happened

Mr K held two pension plans with Phoenix Life Limited (Phoenix). In this decision I will refer to the pension plan that Mr K held which had a policy number beginning with the letter “L” as “Plan 1” and the pension plan he held that had a policy number beginning with the letter “E” as “Plan 2”.

The selected retirement date (SRD) for both Mr K’s Plan 1 and Plan 2 was 2 August 2024. In February 2024 and May 2024 Phoenix wrote to Mr K to tell him that he was approaching the SRD for both his pension plans and to ask how he wanted to draw his retirement benefits.

In July 2024 Mr K contacted Phoenix to ask for updated values for Plan 1 and Plan 2, as he had a meeting booked with Pension Wise. Phoenix sent this information to Mr K.

On 20 August 2024 Mr K telephoned Phoenix to say that he wanted Phoenix to pay him his tax-free cash entitlement from both his pension plans and he would then use the remaining pension savings to set up an annuity. However, Mr K told Phoenix that he wanted to set up his annuity with a different company. Phoenix has said that, in response, it told Mr K that if he wanted to do this then he’d need to transfer both his pension plans to a new pension provider first, so that the new provider could then pay out his tax-free cash and set up his annuity.

Mr K decided to transfer both his Plan 1 and Plan 2 to a Self-Invested Personal Pension (SIPP) with a new pension provider. In this decision I will refer to the new pension provider selected by Mr K as “Firm A”. On 19 September 2024 Firm A sent a single transfer request to Phoenix. This single transfer request covered both Plan 1 and Plan 2.

Phoenix says it told Firm A that it couldn’t accept a single request that covered both of Mr K’s pension plans and that instead Firm A had to submit a separate transfer request for each plan. Phoenix received the separate transfer requests for both Mr K’s pension plans from Firm A on 1 October 2024.

On 2 October Phoenix wrote to Firm A to say that the value of Mr K’s Plan 2 had dropped by more than 5% from the transfer value it had previously provided, so it asked Firm A to confirm if Mr K still wanted to proceed with the transfer of Plan 2.

Phoenix completed the transfer of Plan 1 on 10 October 2024. The transfer value sent to Firm A by Phoenix for Plan 1 was £35,562.76. On 23 October 2024 Firm A told Phoenix that the transfer of Plan 2 was still to proceed, despite its drop in value. Phoenix completed the transfer of Plan 2 to Firm A on 30 October 2024. The transfer value for Plan 2 sent to Firm A by Phoenix was £5,597.22.

Mr K complained to Phoenix on 25 September 2024 to say that he wasn't happy about the time that it was taking Phoenix to complete his pension transfers. Phoenix responded to Mr K's complaint on 4 October 2024 to say that the information it had provided to him during the transfer process was correct. It rejected Mr K's complaint.

Mr K complained to Phoenix again on 18 October 2024 to say that he was still unhappy with the time it was taking Phoenix to complete his transfers and claimed that due to Phoenix's delays the transfer values of both Plan 1 and Plan 2 had dropped since he'd originally requested the transfers.

Phoenix responded to Mr K's further complaint on 23 October 2024. In its response Phoenix said that it had acted within its "*Service Level Agreement*" timescales to transfer his pension plans to Firm A and was therefore unable to uphold Mr K's complaint.

Mr K didn't agree with Phoenix's response, so he brought his complaint to the Financial Ombudsman Service. Phoenix then told this Service that it had identified a delay in transferring Plan 2. It said that the transfer request received from Firm A had stated that the expected transfer value was £6,000 and it had therefore responded to Firm A to say that the actual transfer value was over 5% less than this figure. However, Phoenix said that it had identified that it hadn't given an earlier transfer value of £6,000 to Firm A. Instead, this was a value that Firm A had chosen to enter on its transfer request, so it shouldn't have contacted Firm A to ask if the transfer of Plan 2 was still to proceed.

To put things right for Mr K, Phoenix offered to complete a loss assessment to identify if the transfer value paid to Firm A for Plan 2 would have been more if the transfer had completed on the same day as Plan 1. Phoenix also offered to pay Mr K £200 in compensation for the distress and inconvenience its error had caused.

One of our Investigators reviewed Mr K's complaint. Our Investigator's view was that Mr K's complaint should be upheld as Phoenix had delayed the transfer of Plan 2 (as Phoenix had admitted) but they thought Phoenix's offer to put things right for Mr K as detailed above was fair and reasonable. Our Investigator didn't think that Phoenix had delayed the transfer of Plan 1.

Mr K didn't accept our Investigator's view. He said that the correct valuation date for his pension transfers should have been 2 August 2024, which was when both Plan 1 and Plan 2 reached their SRD. Mr K says that the transfer values for Plan 1 and Plan 2 had fallen between 2 August 2024 and when the transfers to Firm A were completed in October 2024. Mr K therefore says that Phoenix should compensate him for this loss. Mr K also said that Phoenix's offer of £200 for the distress and inconvenience he'd suffered was inadequate and the award should be much higher.

Mr K asked for his complaint to be considered by an Ombudsman.

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.

Mr K has referenced other historical complaints he says he's made against Phoenix and says that I should take these into account when determining this decision. However, in this decision I am only considering Mr K's complaint that Phoenix delayed the transfer of his pension plans which caused him to suffer a financial loss, as I've set out above, so I am therefore considering the evidence and facts in respect of this complaint.

As I've also said above, one of our Investigators issued their view on this complaint and Mr K has made a number of points in response to our Investigator's view. I'm therefore also considering the points that Mr K has raised in his response within my decision.

Mr K has claimed that the process to transfer both his Phoenix pension plans didn't start when Phoenix received the separate transfer instructions from Firm A on 1 October 2024, but instead started on 2 August 2024, which was the SRD for both of Mr K's Phoenix pensions. Mr K has gone on to say: *"At this juncture, my pension ceased to function as an investment vehicle and should have been valued for the purposes of benefits crystallisation"*.

But I don't think this is right. Mr K's pension plans wouldn't have ceased to be invested because they reached their SRD. I don't think that the SRD of Mr K's pension plans was a termination date. Instead, it was a date that Mr K had nominated as a retirement date when the plans were taken out. Mr K didn't crystallise his pension plans at their SRD. Therefore, I think that both of Mr K's pension plans would've continued to be invested with Phoenix until such time that he decided to crystallise his pensions and take his retirement benefits, or he transferred his pensions away from Phoenix to a different pension provider.

I therefore don't think that 2 August 2024 can be viewed as the date when Mr K's pensions should be *"valued for the purposes of benefits crystallisation"* as Mr K claims, as he didn't crystallise his pension plans on that date. Instead, Mr K decided to transfer his pension plans to Firm A, and it wasn't until 1 October 2024 that Phoenix received the separate transfer requests from Firm A for Plan 1 and Plan 2.

Mr K has also said that Phoenix should've proactively engaged with him about his SRD. I've seen copies of the letters that Phoenix sent to Mr K in February and May 2024. In these letters Phoenix told Mr K that he was approaching the SRD for both his pension plans and asked him how he wanted to draw his retirement benefits. I therefore think that Phoenix did engage with Mr K about his approaching SRA. Mr K then contacted Phoenix in July 2024 to ask for valuations for his pension plans as he had a meeting booked with Pension Wise.

Mr K has further claimed that Phoenix should've acted upon the telephone instructions he says he gave to it on 20 August 2024 to pay out his tax-free cash lump sum and set up his annuity. However, Mr K wanted to set up his annuity with a different pension provider and not with Phoenix. Phoenix says that it explained to Mr K that it couldn't pay out his tax-free cash and then transfer the balance of his pension plans to another pension provider to set up an annuity for him. Instead, Mr K was told that he had to contact his new pension provider to arrange for this.

My conclusion is that Mr K didn't provide telephone instructions to Phoenix on 20 August 2024 to pay him his retirement benefits and crystallise his pension plans, which Phoenix should have then acted on. Instead, I think that Mr K was told by Phoenix that he had to contact his selected new pension provider. I also think that this is what Mr K did, and as a result Firm A, as Mr K's chosen new pension provider, then sent transfer instructions to

Phoenix.

Phoenix has said that the initial transfer request it received from Firm A was a single instruction to transfer both Plan 1 and Plan 2. Phoenix has added that it was unable to act on this request as separate transfer requests were needed for each of Mr K's pension plans. I therefore think that Phoenix was unable to start the transfer process for Mr K's pension plans until it received correct transfer requests from Firm A.

I don't think that Phoenix received the correct instructions from Firm A until 1 October 2024. I therefore think that it's reasonable to conclude that the start date for Phoenix to process Mr K's transfer request was 1 October 2024, and not 2 August 2024 as Mr K has claimed.

Mr K has however said that Phoenix should've responded to Firm A quicker than it did to say that it couldn't accept the single instruction to transfer both Plan 1 and Plan 2. Mr K has claimed that Phoenix's slowness in telling Firm A that separate requests were needed added to the delay in his pension transfers being completed.

Phoenix says it received the single transfer instruction on 19 September 2024 and responded to Firm A to say that it couldn't accept this on 25 September 2024. Phoenix therefore replied to Firm A four working days after it received the single transfer instruction, which I don't think is unreasonable.

However, Mr K has claimed that Phoenix caused delays in completing the transfer of both his pension plans and not just Plan 2. I've therefore considered if Phoenix's actions also caused a delay in completing the transfer of Plan 1, as well as Plan 2.

As I've said above, on 19 September 2024 Firm A sent a single transfer request for both Plan 1 and Plan 2 to Phoenix. I've seen this transfer request and note that it says that the transfer is a "*partial transfer*" of £42,000. But Mr K wanted to make a full transfer of both Plan 1 and Plan 2. I therefore don't think it was unreasonable that Phoenix wasn't able to act upon this transfer request and that instead it told Firm A that it needed to send separate transfer requests for Mr K's pension plans.

Phoenix received these separate transfer requests from Firm A on 1 October 2024. I've also seen these separate transfer requests and note that they request a "*full*" transfer of each pension plan.

Phoenix then completed the transfer of Plan 1 on 10 October 2024. This was 8 working days after Phoenix received the correct transfer request from Firm A. I think this timescale to complete the transfer of Plan 1 from when Phoenix received the correct transfer request was reasonable. I therefore don't think that Phoenix delayed the transfer of Plan 1.

Phoenix has admitted that it shouldn't have asked for confirmation from Firm A that Mr K still wanted to continue with his transfer of Plan 2, as it thought that the transfer value for this pension plan had fallen by more than 5%. Phoenix has admitted that the transfer value hadn't fallen by more than 5%, so it shouldn't have delayed the transfer of Plan 2.

I think it's reasonable to assume that if Phoenix hadn't delayed the transfer of Plan 2, then as the transfer requests for Plan 1 and Plan 2 were received on the same day by Phoenix, it would've completed the transfer of Plan 2 on the same day that it completed the transfer of Plan 1. I think this would mean that Phoenix would've completed the transfer of Plan 2 on 10 October 2024, and not 30 October 2024.

I also think that Phoenix's delay in transferring Plan 2 could possibly have caused Mr K to suffer a financial loss. I say this because it's possible that the transfer value that Phoenix paid to Firm A on 30 October 2024 could've been less than the transfer value that Phoenix would've sent to Firm A if the transfer for Plan 2 had completed on the same day as the transfer of Plan 1.

Phoenix has offered to complete a loss assessment calculation to determine if the above detailed delay in transferring Plan 2 resulted in a lower transfer value being paid to Firm A. I therefore think that Phoenix's offer to complete a loss assessment calculation to determine if Mr K suffered a financial loss because of his Plan 2 being transferred on 30 October 2024 instead of 10 October 2024 is fair.

As I've said above, Phoenix has also offered to pay Mr K compensation of £200 for the distress and inconvenience he suffered due to its delay in transferring his Plan 2. Mr K has said that this amount of compensation isn't adequate and that Phoenix should pay him a much higher level of compensation to reflect the level of inconvenience he's suffered. I've therefore carefully considered the offer of compensation that Phoenix has made to Mr K in respect of the distress and inconvenience he's suffered.

I think that a distress and inconvenience compensation award of £200 would be fair where a single error has required a reasonable effort from Mr K to sort out and when typically Phoenix's actions could have resulted in some acute stress for Mr K together and where some inconvenience has been caused together with disappointment and loss of expectation.

I think it's reasonable to conclude that this is a fair description of the distress and inconvenience that Phoenix's error caused Mr K. It delayed the transfer of his Plan 2 to Firm A by 20 days, but did then resolve its error for Mr K. I therefore think that Phoenix's offer of £200 in respect of the distress and inconvenience its error caused to Mr K is fair and reasonable in this case.

I'm therefore upholding part of Mr K's complaint. I am upholding his complaint that Phoenix delayed the transfer of his pension Plan 2 and will now set out below how I think Phoenix should put things right for him.

However, as I've said above, I don't think that Phoenix delayed the transfer of Mr K's Plan 1, so I'm unable to uphold that part of Mr K's complaint and am therefore not asking Phoenix to take any action in respect of the transfer of Plan 1.

Putting things right

Mr K has said that this Service, and not Phoenix, should complete any loss assessment calculation and ask Phoenix for the information needed to complete this calculation. But it's not the role of this Service to complete the loss assessment calculation. Instead, it's to direct Phoenix on how it should complete the loss assessment calculation, so that Phoenix can then complete its calculation in accordance with these directions and compensate Mr K accordingly for any loss which has been incurred.

However, Phoenix should provide Mr K with a full and complete copy of its calculations, in a format that is readily understandable.

I think that Mr K should be compensated for any loss that he incurred on the transfer of his Plan 2 between 10 October 2024 and 30 October 2024. In this decision I will refer to 30 October 2024, the date when Mr K's pension Plan 2 was transferred to Firm A, as the "*end date*".

Any loss Mr K has suffered should be determined by Phoenix firstly obtaining the notional transfer value of Mr K's pension Plan 2 on 10 October 2024, the date that I think that the transfer of Plan 2 should've completed. This is figure "X".

Phoenix should then obtain the actual transfer value of Mr K's pension Plan 2 on the end date. This is figure "Y".

If the figure "Y" is greater than, or the same, as figure "X" then there's no loss and no redress is payable to Mr K.

However, if the Figure "X" is greater than figure "Y" then there is a loss and Phoenix should compensate Mr K for that loss.

I think this loss assessment will determine if Phoenix's error resulted in a lower transfer value being paid to Firm A than would otherwise have been the case. However, I also think it's possible that Phoenix's error could have resulted in Mr K suffering a loss on his Firm A pension. I say this because Mr K transferred his Phoenix pension plans into a SIPP with Firm A and therefore it's possible that Phoenix's error may have delayed Mr K investing the transfer value from Plan 2 in his SIPP. This delay might have resulted in a loss for Mr K.

As I've said above, I think it's reasonable to assume that if it hadn't been for Phoenix's error then Mr K's Plan 2 would've been transferred to Firm A on the same date that it transferred Plan 1, which was 10 October 2024. I therefore also think it's reasonable to assume that if both of Mr K's pension plans had been transferred on the same date, then Mr K would've taken the same action with his Plan 2 transfer value as he did with his Plan 1 transfer value, once the transfer values were held within his new SIPP.

Phoenix therefore should contact Firm A to identify if Mr K invested his Plan 1 transfer value in his SIPP between 10 October 2024 and 30 October 2024, and if the Plan 1 transfer value was invested between these dates then Phoenix should further identify what, if any, percentage investment return was earned on the transfer value from Plan 1 between the date of investment and 30 October 2024.

If Mr K didn't invest his Plan 1 transfer value within his Firm A Sipp between 10 October 2024 and 30 October 2024 then no further action is needed. Also, if Mr K did invest his Plan 1 transfer value between 10 October 2024 and 30 October 2024, but no positive investment return was earned between the date of investment and 30 October 2024, then no further action is needed from Phoenix.

However, if Mr K did invest his Plan 1 transfer value in his Firm A SIPP between 10 October 2024 and 30 October 2024, and this investment earned a positive return between the date of investment and 30 October 2024, then Phoenix needs to firstly calculate what percentage rate of return was earned between the date of investment and 30 October 2024.

Phoenix then needs to calculate how much the transfer value from Plan 2 would've increased by, if it had been invested at the same time as the transfer value from Plan 1 and had earned the same percentage return as the transfer value from Plan 1 between the date that Plan 1 was invested and 30 October 2024. Phoenix then needs to also compensate Mr K for any loss on the transfer value from Plan 2 that this calculation identifies.

Any compensation amount should if possible be paid into Mr K's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

However, if a payment into Mr K's pension isn't possible, or has protection or allowance implications, it should be paid directly to Mr K as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mr K has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to the likely income tax rate in his retirement, which is presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.

Interest should also be added to any compensation payment at the rate of 8% per year simple calculated from the end date to the date of settlement.

Income tax may be payable on any interest paid. If Phoenix deducts income tax from the interest, it should tell Mr K how much has been taken off. Phoenix should give Mr K a tax deduction certificate in respect of interest if Mr K asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

Phoenix should also pay Mr K £200 for the distress and inconvenience he has suffered because of its error.

My final decision

My final decision is that I partially uphold Mr K's complaint and Phoenix Life Limited should now compensate Mr K as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 November 2025.

Ian Barton
Ombudsman