

## The complaint

Mr C has complained that Financial Administration Services Limited delayed the payment of his tax-free lump sum from his pension plan. Mr C has claimed that he suffered a financial loss as a result.

## What happened

Mr C holds a pension plan with Financial Administration Services Limited (FASL). On 2 October 2024 Mr C contacted FASL by telephone to say that he wanted to withdraw all his tax-free cash entitlement from his pension plan. Mr C explained to FASL that he'd previously taken pension benefits from a defined benefit (DB) pension scheme in 2012 and had then used up 37.79% of his pension lifetime allowance (LTA).

During his telephone call Mr C went on to explain that he wanted to withdraw 100% of his tax-free lump sum up to his LTA and that he wanted to do this before the forthcoming Budget as he was concerned about possible tax changes to pensions. Mr C also told FASL that he would be on a month's holiday from 21 October 2024 so wanted to get this matter sorted before then.

FASL explained to Mr C that it wouldn't need any further details on the LTA percentage that he'd used in 2012, but Mr C told FASL that as soon as this call finished he would contact the administrators of his DB pension scheme anyway and ask them to send him confirmation of his LTA. In this decision I'll refer to the administrators of Mr C's DB pension as Firm A.

FASL told Mr C that it would email him the form that he'd need to complete to withdraw his tax-free cash, which Mr C would need to print, complete and post back as a "*wet signature*" was needed on the form.

Mr C returned his completed paperwork to FASL as requested. On 8 October 2024 Mr C received an email from FASL saying that more information was needed on the pension benefits he'd crystallised from his DB pension in 2012 before it could pay out his tax-free cash. On receiving the email Mr C telephoned FASL the same day to explain that the LTA figure of 37.79% that he'd previously told FASL was correct. Mr C also said that because of his forthcoming holiday he needed to have this matter completed by Friday 18 October 2024.

Mr C spoke with FASL for a second time on 8 October 2024 and during this second telephone call he raised a complaint about the delay in his tax-free cash being paid to him. Mr C claimed that during his 2 October 2024 telephone call he'd been given misleading information about what FASL needed to complete the withdrawal of his tax-free cash. Mr C also told FASL that if he'd known this transaction would be delayed then he'd have applied online to take a smaller percentage of his tax-free cash entitlement instead.

When Mr C had contacted Firm A on 2 October 2024, he'd been told that it would take 10 working days following his request to send confirmation of the LTA percentage that was used when he crystallised his DB pension in 2012. Mr C received this information in line with this timescale and sent this on to FASL on 16 October 2024. The information provided by Firm A said that Mr C had used 38.91% of his LTA in 2012, and not 37.79% as Mr C had previously told FASL.

The information provided by Firm A was sufficient for FASL to complete the payment of Mr C's tax-free lump sum. FASL processed the payment of Mr C's tax-free cash on 30 October 2024, and Mr C confirmed his receipt of this to FASL on 31 October 2024.

In addition to complaining to FASL about the timescale it had taken to complete the payment of his tax-free lump sum, and that he was given mis-leading information on 2 October 2022, Mr C also said that he had wanted to use some of his lump sum to pay off two car loans. Mr C said that because of FASL's delays he had to borrow £9,000 from a family member to pay off the loans on time. Mr C said that this caused him embarrassment and inconvenience.

FASL responded to Mr C's complaint on 24 October 2024. FASL said that whilst Mr C had told it during his telephone call of 2 October 2024 that he knew the LTA percentage he'd used in 2012, and had entered this figure on his tax-free cash payment form, it still needed additional information on his 2012 DB pension crystallisation to make sure that it paid him the correct amount of tax-free cash and didn't exceed his LTA.

However, FASL went on to say that it should have told Mr C when it emailed him on 8 October 2024 that it didn't need this information in writing. FASL said that this information could've been given by telephone. FASL went on to say that it should also have told Mr C this when it spoke with him on 8 October 2024. Instead, Mr C had sent FASL a copy of the information he'd received from Firm A on 16 October 2024, so 8 days after the email and telephone calls he'd had with FASL on 8 October 2024.

To compensate Mr C for this error, FASL paid him £100 for the inconvenience he'd suffered. FASL also paid Mr C compensation for the interest he'd lost on his tax-free cash payment during the above 8-day period. FASL also identified that investments to pay for the tax-free lump sum should've been sold on 17 October 2024, whereas the investments had been sold on 25 October 2024. FASL said it would complete a loss assessment calculation to identify if this delay had resulted in any financial loss for Mr C.

Mr C wasn't happy with FASL's response to his complaint. He thought that the compensation he should receive for the inconvenience and embarrassment he'd suffered should be much higher than the amount offered by FASL. Mr C also said that he'd lost out on rebated interest of £220.74 on his car loans that he should also be compensated for. Mr C brought his complaint to the Financial Ombudsman Service.

One of our Investigators reviewed Mr C's complaint. Their view was that FASL could've provided Mr C with better service and been clearer about the information it needed from him when he telephoned it on 2 October 2024. But our Investigator also thought that FASL needed the additional information on Mr C's 2012 DB pension crystallisation it had asked him for to be certain that it paid out the correct tax-free cash entitlement. Our Investigator's conclusion was that the compensation for distress and inconvenience paid by FASL was fair and that FASL didn't need to take any further action in respect of Mr C's complaint.

Mr C didn't agree with our Investigator's view. He said that if FASL had properly explained to him what information was needed for him to withdraw all his tax-free cash entitlement then he'd have applied to take a smaller amount online so that he'd be sure of receiving payment before he went on holiday. Mr C asked for an Ombudsman to consider his complaint.

### **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.

FASL has provided this Service with recordings of the telephone calls it had with Mr C. I've therefore listened carefully to these recordings.

In his call to FASL on 2 October 2024 Mr C explains that he wants to withdraw all his tax-free cash up to his LTA. Mr C explains that the only reason why he wants to withdraw all his tax-free cash is because of concerns about possible tax changes in the forthcoming Budget. Mr C goes on to explain that he used 37.79% of his LTA when he took benefits from a DB pension in 2012. Mr C also told FASL that he's going on holiday for a month on 21 October 2024 so wants to get this matter sorted before then. (In the telephone call that Mr C had with FASL on 8 October 2024 Mr C says that his deadline for completing the payment of his tax-free cash was 18 October 2024).

In response, FASL explains to Mr C during the 2 October 2024 telephone call that it should take 8 working days for it to process Mr C's request, once it's received his completed tax-free cash payment form. FASL also tells Mr C it's unlikely that it will need any further detail about the amount of LTA that Mr C had used in 2012. However, Mr C tells FASL that he will obtain confirmation of the LTA used from Firm A anyway. Mr C did then contact Firm A on 2 October 2024 when he'd finished his telephone call with FASL.

Having listened carefully to Mr C's telephone call with FASL on 2 October 2024 call I think that FASL could've managed Mr C's expectations better. I think that it gave him the impression that once he'd returned his completed withdrawal form then FASL would be able to complete the payment of his tax-free cash within 8 working days, without any other information being needed. But this was not the case.

However, I think it was fair and reasonable for FASL to ask for additional information about the pension benefits that Mr C had crystallised in 2012, and the percentage of Mr C's LTA that was used at that time, before it would pay out his tax-free cash. I say this because it was reasonable for FASL to be certain that it was paying the correct amount of tax-free cash to Mr C. By asking him for additional information before paying out his tax-free cash FASL was able to obtain the correct percentage of LTA previously used by Mr C in 2012 and avoid him exceeding his LTA and paying a tax charge on any excess.

I therefore think that FASL acted reasonably when it emailed Mr C on 8 October 2024 to ask for the additional information that it needed to complete the payment of his tax-free cash. The information provided by Firm A said that Mr C had used 38.91% of his LTA in 2012, and not 37.79% as Mr C had previously told FASL and entered on his tax-free cash payment form.

However, I can understand Mr C's frustration on receiving FASL's email of 8 October 2024 as I think he'd been told during his 2 October 2024 telephone call that his tax-free cash withdrawal could proceed without this additional information being needed.

Mr C has complained that FASL delayed paying his tax-free cash to him and as a result he suffered from the embarrassment of asking a member of his family to lend him money so that he could pay off his two car loans. Mr C claims that because of the inconvenience and embarrassment he suffered he should receive more compensation than the amount he's been paid by FASL. I've therefore considered Mr C's claim.

As I've said above, Mr C contacted Firm A on 2 October 2024 to ask for confirmation of the LTA percentage he'd used in 2012. Mr C then forwarded the written information he received from Firm A to FASL on 16 October 2024.

FASL has told this Service that its normal timescale for processing the payment of Mr C's tax-free cash would have been 12 working days from when it received all information needed. As Mr C sent FASL the information he'd received from Firm A on 16 October 2024, and he'd previously sent FASL his completed tax-free cash payment form, I think that FASL is saying that it would normally have completed payment of Mr C's tax-free cash on 1 November 2024, which is 12 working days from 16 October 2024. FASL completed the processing of Mr C's tax-free cash payment on 30 October 2024, which is 10 working days from 16 October 2024.

I've therefore not seen any evidence to show that FASL was responsible for any delay in paying Mr C his tax-free cash. I recognise that it was through Mr C's initiative, rather than any instruction from FASL, that he contacted Firm A on 2 October 2024 to ask for information on his DB pension crystallisation in 2012. But even so, Mr C asked Firm A for this information on the same day that he'd spoken with FASL. My conclusion is that regardless of whether FASL asked Mr C to obtain this information, there was no delay in Mr C receiving the LTA information from Firm A, or in him then forwarding it on to FASL.

In response to our Investigator's view Mr C has said that if he'd been told during his 2 October 2024 telephone call that he needed to obtain information from Firm A about the percentage of his LTA he'd used in 2012, he would instead have opted to withdraw a smaller amount of his tax-free cash allowance online. Mr C has claimed that if he'd done this then FASL could've completed the payment of this smaller amount of tax-free cash without any further information on his 2012 DB pension crystallisation. This would have meant that he could have received payment of this smaller amount of tax-free cash before he went on holiday and paid off his car loans without having to borrow from a family member. Mr C also claimed that he was put off using the online service by FASL.

As I've said above, when Mr C spoke with FASL on 2 October 2024 to start the process of taking his tax-free cash, he told FASL that he wanted to withdraw "100%" of his tax-free cash entitlement, up to his LTA. Whilst Mr C says that he wanted the process to be completed before he went on holiday, he made no mention of needing any tax-free cash to repay car loans. Instead, Mr C says that he may use the tax-free cash to drip feed into cash ISAs. Mr C also says that there is "*no other reason*" for withdrawing his tax-free cash than concern about tax changes in the forthcoming Budget.

I therefore think it was reasonable that as Mr C told FASL that he wanted to take all his tax-free cash entitlement before the forthcoming Budget, FASL didn't direct him to its online service to withdraw a smaller amount of his tax-free cash entitlement. Instead, I think it's reasonable that FASL would've understood Mr C's objective was to take out all his tax-free cash entitlement before the November 2024 Budget.

Mr C told FASL during his 8 October 2024 telephone call that as he was going on holiday on 21 October 2024, which was a Monday, then his deadline for receiving his tax-free cash payment was Friday 18 October 2024. I think this meant that when Mr C contacted FASL on 2 October 2024, he wanted to payment of his tax-free cash to be completed within 12 working days from that start date.

FASL has told this Service that its normal timescale for processing the payment of Mr C's tax-free cash was 12 working days from when it received all information it needed. I think that this meant that FASL needed to be in receipt of Mr C's completed tax-free lump sum payment form with a "*wet signature*" and correct information about the pension benefits that Mr C had crystallised in 2012 before it could then start to process the payment.

As I've said above, I think it was reasonable that FASL needed correct information on the percentage of the LTA used by Mr C in 2012, which Firm A took 10 working days to provide on 16 October 2024. My conclusion is that as Mr C wanted to receive his tax-free cash by 18 October 2024, so only 2 days after he'd heard back from Firm A, then it would've been reasonable for him to have contacted FASL to request payment of his tax-free cash earlier than he did, or to have obtained the correct LTA figure from Firm A beforehand.

Mr C said in his response to our Investigator's view that FASL "*could have, and should have, advised me and assisted me to crystallize a lesser amount based on my needs via their online system which allows crystallizations of lesser amount to 100% without verifying previous LTA crystallizations*". I've also considered these comments from Mr C.

FASL has told this Service that if Mr C had opted to draw a smaller amount of tax-free cash than his full 100% entitlement through its online service it wouldn't have asked Mr C for his LTA history if it was clear and obvious that his request wouldn't take him either close to or over his LTA allowance. However, FASL has added that if it had any doubt about the percentage of LTA that Mr C had already used then it still wouldn't have processed an online request from Mr C until it had received confirmation of his remaining LTA.

I therefore think it's reasonable to conclude that even if Mr C had decided to take a smaller amount of tax-free cash through FASL's online service, FASL would not have automatically completed his request without verifying his previous LTA crystallisation first.

I also think that as Mr C had told FASL on 2 October 2024 that he wanted to withdraw "100%" of his LTA allowance before the November 2024 Budget then it wasn't unreasonable that FASL didn't tell Mr C to complete the payment of a lesser amount of tax-free cash through its online service. I'm therefore unable to uphold the above claim that Mr C made in response to our Investigator's view.

My conclusion is therefore that FASL should've managed Mr C's expectations better and provided clearer information on what was needed for him to withdraw his tax-free cash when he telephoned it on 2 October 2024. I think it reasonable that FASL should compensate Mr C for the distress and inconvenience he suffered because of this error.

FASL has already paid Mr C £100 for the distress and inconvenience its error caused. Mr C has said he should receive more compensation than this. As I've said above, I think that Mr C suffered distress and inconvenience when FASL emailed him on 8 October 2024 to say that it needed information on his previous pension crystallisation before it could complete his tax-free cash withdrawal.

But I also think that once FASL received the information it needed from Firm A it then completed the payment of Mr C's tax-free cash within a reasonable timescale. My conclusion is that FASL's compensation award for the distress and inconvenience suffered by Mr C is fair and reasonable in this case.

In its final response letter to Mr C's complaint FASL has said that it was responsible for an 8-day delay in processing the payment of Mr C's tax-free cash, as detailed above. As a result, FASL completed a loss assessment calculation. FASL's loss assessment calculation showed that it had adjusted the fund sales by £1,737 to compensate Mr C. FASL also paid Mr C gross interest £233.53 in compensation for the 8-day delay in Mr C receiving his tax-free cash.

However, FASL has subsequently told this Service that it now thinks it wasn't responsible for any delay in Mr C receiving his tax-free cash because it didn't receive the correct LTA information from him until 16 October 2024, but Mr C has still benefited from the above compensation, interest and loss assessment payments. FASL has now told this Service that it thinks these payments were "*unwarranted*".

FASL had previously said that it should have told Mr C that it didn't need information on his 2012 pension crystallisation in writing from Firm A as this information could've been confirmed by telephone. FASL said that it should have told Mr C this on 8 October 2024, when it sent him an email detailing the information it needed, and when it had two telephone calls with Mr C on the same day.

I've listened carefully to the recordings of the two telephone calls that Mr C had with FASL on 8 October 2024. In these telephone calls Mr C says that he's spoken with Firm A and that when he crystallised his DB pension in 2012 he used 37.79% of his LTA. Mr C also confirms that he's entered this figure on his tax-free cash payment form and that the figure is correct.

Mr C didn't receive the information that FASL needed from Firm A until 16 October 2024. This information confirmed that Mr C had used 38.91% of his LTA in 2012 and not 37.79%. I therefore think that if FASL had relied on the verbal information that Mr C provided on 8 October 2024 and not have waited until it received the correct information on 16 October 2024, it could have overpaid Mr C's tax-free cash entitlement. This could have resulted in Mr C paying a tax charge on any excess tax-free cash amount paid.

For the reasons I've set out above, I don't think it's reasonable to conclude that FASL was responsible for a delay in Mr C receiving his tax-free cash, nor do I think it would've been reasonable for FASL to have directed Mr C to its online service for him to request a smaller tax-free cash payment, as Mr C has claimed. I therefore don't think it would be reasonable or fair to hold FASL responsible for Mr C not repaying his car loans when he says he wanted to, or for Mr C having to borrow from a family member.

I'm therefore not asking FASL to take any further action and am therefore unable to uphold Mr C's complaint.

### **My final decision**

My final decision is that I don't uphold Mr C's complaint against Financial Administration Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 October 2025.

Ian Barton  
**Ombudsman**