DRN-5816831

The complaint

Mrs M complains that The Royal London Mutual Insurance Society Limited ('Royal London') is now unfairly preventing her from accessing her pension benefits.

What happened

In 1989, Mrs M took out a personal pension that's now held by Royal London. It's a 'combined' pension that initially received not only Mrs M's contributions but also 'rebates' from contracting out of the additional state pension. I understand Mrs M's planned retirement age was originally set at age 60.

Royal London says that as Mrs M approached age 60, it wrote to her explaining her options for accessing her pension, but as she 'indicated that she was not in a good position so didn't respond' it rolled her planned retirement age to 65 which she would reach in 2028.

I understand that in late 2024, Mrs M's health difficulties led her to contact Royal London and ask for her full pension as a lump sum. It said she couldn't do this without first obtaining regulated financial advice. Unhappy with this, Mrs M complained to Royal London in December 2024.

But Royal London didn't uphold her complaint. It said the regulations for taking pension benefits were different in 1989 so any conversations at that time would've reflected the regulations then in place. But the regulations had since changed and currently required that she obtain financial advice before she could take this pension as a lump sum. It explained that these regulations were set by government and that Royal London had to abide by them.

Still unhappy, Mrs M brought her complaint to the Financial Ombudsman Service in April 2025. Amongst other things, she explained more about her health and why accessing her pension monies would greatly help her independence. But that Royal London had told her she'd have to wait until age 65 to access it. She suggested the pension had been mis-sold to her, and said she'd originally agreed to take her pension at age 60 and Royal London should keep to this agreement.

For its part, Royal London told us it wasn't preventing Mrs M from taking her pension funds but was following the relevant current regulations in requiring her to have obtained advice about this, as her pension had a total value of over £30,000 and included the safeguarded benefit of a Guaranteed Annuity Rate ('GAR').

One of our Investigators considered Mrs M's complaint but thought Royal London hadn't acted unfairly, as it had acted in line with the current regulations.

Mrs M disagreed. She understood government could change the regulations but thought it was unfair as she really needed her pension now rather than at age 65 in three years. She added that she didn't need advice on investing her pension and wouldn't receive anything like £32,626 from it, given her contributions stopped long ago and the tax she'd pay.

As agreement couldn't be reached, this complaint was passed to me for a 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.

I'd like to start by saying I was sorry to hear of Mrs M's health difficulties and the impact these have on her. I appreciate she wants to take the full value of her pension as soon as possible in order to lessen some of that impact. However, I don't think Royal London has done anything wrong by telling her that she'll first need to obtain regulated independent financial advice. I know Mrs M will be disappointed with this but I'll explain my reasons.

I hope it's helpful for me to explain that Royal London is not saying Mrs M can't access her pension until she reaches age 65, or that she must obtain advice on how to invest her pension. Instead, Royal London is saying she must first obtain financial advice if she wants to cash in her full pension as a lump sum.

Mrs M has suggested that her pension may have been mis-sold to her in 1989. But it's important to note that the regulations about pensions, including how they can be accessed, weren't the same in 1989 as they are today. In April 2015, the government introduced changes to pension laws that allowed people more flexibility in how they accessed their pension benefits; in particular, being able to take them all as a lump sum. But to protect people, some restrictions were also introduced. What's relevant here is that section 48 of the Pension Schemes Act 2015 sets out that a pension provider (like Royal London) must check that members with safeguarded benefits whose pension is worth £30,000 or more have taken regulated advice before transferring or changing safeguarded benefits into flexible benefits, such as taking their full pension as a lump sum.

This isn't simply a rule that Royal London has chosen to put into place for itself. Instead, it is a legal requirement that came into force in 2015 which Royal London and firms like it must abide by. And I'm satisfied that this legal requirement is applicable in Mrs M's case. I say that because the evidence provided shows that in November 2024 (i.e. when Mrs M asked Royal London to take her pension in full), her pension's total value was £32,676. And it shows that her pension provides a GAR, a safeguarded benefit that would determine how much annual income Mrs M would receive if she chose to take her pension as an annuity; the GAR set out in Mrs M's pension might be higher than annuity rates available today, so this is a potentially valuable safeguarded benefit that she'd lose if she took her full pension as a lump sum.

Given all this, I don't think Royal London have acted unfairly by telling Mrs M she must first obtain advice if she wants to take her pension in full as a lump sum, because this is in line with the relevant regulations to ensure that she fully understands her pension options and their consequences. So I'm not upholding Mrs M's complaint about that.

I note Mrs M has also mentioned that she doesn't think she'll receive anywhere near to £32,626 from her pension and that she'll need to pay tax on this. Deciding what to do with a pension can be a complex matter. But if Mrs M wants to move forward with accessing her full pension as a lump sum, and its total value remains £30,000 or more, then she'll need to obtain regulated financial advice about that, and so it would be open to her to discuss with that financial adviser how she can access her pension to meet her objectives whilst also minimising any tax liability she may have.

My final decision

For the reasons set out above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs M to accept or reject my decision before 16 December 2025.

Ailsa Wiltshire
Ombudsman