

## The complaint

Mr N complains that Phoenix Life Limited trading as Standard Life (Standard Life) mismanaged his pension. He said it incorrectly showed the value of his pension to be around £220K higher than its true value for a period of around 10 months. During this time, Mr N took important retirement decisions based on the incorrect values. This led to the triggering of the Money Purchase Annual Allowance (MPAA), meaning Mr N is now restricted in how much he can pay into his future pensions. Mr N said that Standard Life failed to warn him before it corrected his pension value.

## What happened

Mr N has two pension plans with Standard Life. One is a Trust Based Pension (TBP) and the other is a Personal Pension Plan (PPP).

On 30 May 2024, Mr N submitted an online request to Standard Life to transfer his TBP into his PPP, although he intended to request the transfer in the other direction. At this time, his TBP had a value of £223,039.80 and his PPP had a transfer value of £12,622.17.

Standard Life completed the transfer on 6 June 2024. It then wrote to Mr N on 11 June 2024 to explain that it'd transferred £222,414.91 from the TBP to the PPP.

Mr N said that he discovered on 18 June 2024 that the transfer had been completed in the opposite order to what he wanted. He contacted Standard Life to ask why the transfer had gone from his TBP to his PPP. It said that this was what he'd requested. And that it wasn't possible to transfer the PPP to the TBP because he was no longer employed by the company linked to that pension.

Mr N asked Standard Life to reverse the transfer. It did this on 25 June 2024. But it didn't cancel the transfer into the PPP correctly. This meant that the amount originally transferred from the TBP to the PPP still appeared as part of the value of that pension, as well as being reinstated to the TBP.

Mr N said that in June/July 2024 his employer told him he would be made redundant. As he was over 60, he said he started to consider retirement. He said he'd checked his Standard Life pension values on 20 August 2024, when the total value was showing as £474,154.08. He felt this was enough to allow him to retire from work.

Mr N said he regularly checked his pension values between August 2024 and November 2024, noticing that the total value was almost £0.5M throughout. Mr N specifically referenced statements from Standard Life dated 14 November 2024 which he said it generated after discussions with him about his retirement. These showed that his TBP had a value of £245K and his PPP had a value of around £250K. After receiving these statements, Mr N decided to take a drawdown payment from his pension on 22 November 2024.

I understand that Standard Life made Mr N aware that taking such a drawdown payment, rather than simply taking tax-free cash, would restrict the amount he could further contribute to any future pension scheme. He said he didn't think this was an issue as he didn't think

he'd need to further add to his pension, given its size.

Mr N made a further withdrawal on 7 January 2025. After these withdrawals, he said his total pension value shown on the online portal was £488,097.

On 29 April 2025, Standard Life corrected the value held in Mr N's PPP. This led to its value reducing to £12,137.40 on 30 April 2025. It didn't contact Mr N to explain what it'd done.

Mr N sent Standard Life a secure message on 30 April 2025 as he'd noticed the reduction to the value of his PPP. He raised a formal complaint. He said he'd based his retirement plans on the combined value of his Standard Life pensions, which had been over £400,000, but now he didn't have those funds. Mr N felt he might have to return to work to cover the lost pension. He was also unhappy that he'd triggered the MPAA when he'd taken his drawdown payments. He said this would limit the future contributions he could make to his pension.

Standard Life issued its final response to the complaint on 29 May 2025. It acknowledged it'd displayed an incorrect value for Mr N's PPP for several months between 25 June 2024 and 29 April 2025, including on his annual statement. It also said it'd failed to contact him when it had identified and corrected the error. It apologised and paid Mr N £1,000 for the distress and inconvenience caused by the error, the time to fix it, and the failure to notify Mr N before the correction.

But Standard Life didn't think it'd caused Mr N a financial loss. It said the incorrect values shown weren't the true value of the PPP. It didn't think it was reasonable for Mr N to expect that his combined pension value had increased from around £235,000 to over £400,000 purely due to investment growth. It also said its 2024 annual statement had clearly shown that there was a large transfer-in to his PPP which accounted for the increase in value shown, whereas previous annual statements for the PPP had shown a value consistent with the corrected PPP value. It also said it'd sent Mr N PPP statements between 2003 and 2023 which showed a value of between £7K and £12K. As such, it didn't think it was reasonable for Mr N to think his PPP value had increased to over £230K in less than a year.

Unhappy, Mr N brought his complaint to this service. He felt the compensation wasn't remotely adequate. He said the error had persisted for almost a year. And that Standard Life had eventually corrected it without warning him. He said if he'd been aware of the true value of his pensions, he wouldn't have retired early and taken drawdown withdrawals from the taxable element of his pension. Instead, he would've taken the money he needed from his tax-free lump sum. This would've meant he wouldn't have triggered the MPAA.

Mr N said the error had occurred at a time when he was making life-changing decisions based on the incorrect information. He also felt that as he'd now been out of the job market for a year it would be significantly more challenging to re-enter employment. And he'd have less time to re-establish the financial security he'd believed he already had. While Mr N acknowledged that he shouldn't expect Standard Life to give him £0.25M because of a clerical error, he felt it should recognise the massive stress he'd experienced because of the mistake.

Our investigator asked Standard Life if it would be willing to allow Mr N to repay his taxable withdrawals from his pension so that he wasn't restricted by the MPAA. It said it would allow him to repay the taxed income withdrawals.

Our investigator acknowledged that Standard Life should've removed the transfer value from Mr N's PPP when it reversed the transfer. And that it should've contacted him to tell him what was happening before it corrected its error in April 2025. But she felt that as the 5 October 2024 annual statement Standard Life had sent Mr N had clearly shown a dramatic

increase in the value of the pension due to a large transfer, this might've brought the error to his attention.

Our investigator acknowledged the concern and loss of expectation Standard Life had caused Mr N when it corrected the mistake without informing him first. She also acknowledged that he'd made retirement plans based on the incorrect information Standard Life had provided. But she didn't think Standard Life had been wrong to make the correction as it'd added the transfer value in error and Mr N had never been entitled to that money.

Our investigator felt that the £1,000 compensation Standard Life had paid and its willingness to allow the repayment of taxed withdrawals meant that it'd taken reasonable steps to put things right. While she acknowledged the error had caused Mr N substantial distress and a loss of expectation, she felt the £1,000 compensation Standard Life had paid was reasonable.

Mr N didn't agree with our investigator. He made the following points:

- £1,000 compensation was less than the Annual Management Charge (AMC) he'd paid Standard Life. Mr N therefore felt that it would still benefit despite its error. He also felt that there was a possibility that Standard Life could've charged him too much as it could've charged him the AMC on the excess value. Mr N said £1,000 compensation was derisory given the impact the error had caused. He said he'd made life-changing decisions as a direct result of Standard Life's mistake, based on the incorrect information it supplied to him.
- Mr N didn't think he should be the one to suffer from Standard Life's error, which had persisted for almost a year. He noted that it'd failed to communicate with him when it eventually corrected that error. And felt that it should bear responsibility for such a dramatic error by increasing the compensation offered.
- He didn't think the offer for him to return the taxed income withdrawals was reasonable. He said he wouldn't have withdrawn those funds if he hadn't needed the money. And said he didn't have the funds available to repay the money withdrawn.

Standard Life told this service that it hadn't deducted any charges from either of Mr N's pensions. It said that the only charge which applied was the AMC which was built into the unit price. And that nothing was deducted from the pension. Therefore, no additional fees would've been deducted due to the error.

As agreement couldn't be reached, the complaint has come to me for a review.

### **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.

Having done so, I agree with our investigator that the compensation Standard Life has already paid Mr N, together with its willingness to allow the repayment of taxed withdrawals, is fair under the circumstances of this complaint. I know this will be disappointing. I'll explain the reasons for my decision.

I first considered whether Mr N has suffered a financial loss.

#### *Financial loss*

Standard Life should've removed the transfer value from Mr N's PPP when it reversed the transfer. Had it done so, Mr N wouldn't have been led to believe that the value of his pension was over £400K for the period between June 2024 and April 2025.

An award for financial loss would seek to put Mr N back in the position he would've been in but for the mistake. In effect I need to consider what would've happened if there'd been no error. Had there been no error, Mr N's pension transfer would've been reversed with the correct values reinstated.

As I'm satisfied that Standard Life has now reinstated the correct values in Mr N's PPP, I can't fairly require it to honour the incorrect values it quoted to Mr N over a period of 10 months between June 2004 and April 2025. To make such a direction would give him more than he was entitled to receive.

I went on to consider whether the £1,000 compensation Standard Life has paid Mr N was fair.

### *Compensation*

Mr N considers the £1,000 compensation Standard Life has paid him to be derisory. He said he'd made life-changing decisions as a direct result of its error. So I've gone on to consider this point.

It's not in dispute that Standard Life provided incorrect values to Mr N for a period of 10 months. It's also clear that it didn't correct the error as it should have, as it did so without first alerting Mr N to what had happened and explaining to him what it would do to ensure his pension values were corrected. So what needs to be decided is what compensation is fair in the particular circumstances of the complaint.

As I noted earlier, the starting position is that Mr N is entitled to the correct value of the plan. Where an error is made and values are overstated, that doesn't usually mean that the customer is entitled to the higher, incorrect, figure.

However sometimes, where incorrect information is given, the person who received it may be able to show that they relied on it – perhaps by taking actions that they wouldn't otherwise have taken if the correct information had been given.

Mr N said he made flexible withdrawals from his pension on the understanding that this would mean he was subject to the MPAA for further pension contributions. This wasn't something he felt he needed to avoid as he felt his pension was large enough to allow him to afford retirement without having to make additional large pension contributions in future.

I acknowledge that following the news that he was going to be made redundant in June/July 2024, Mr N felt comforted that he had a large enough pension fund to enable his decision to access his pension benefits at this time, rather than seek further work and continue to contribute to his pension. This was because, at that time, the total pension value visible to him was over £400K. I can also see that Mr N felt that his pension had a total value of £474,154.08 on 20 August 2024. And that he then consistently checked his pension values up to his first drawdown payment on 22 November 2024.

However, before Mr N first flexibly accessed his pension in November 2024, Standard Life sent his annual statement for his PPP dated 5 October 2024. This showed a value of £242,313.45 at 5 October 2024 while the previous year's value was £11,442.51. The statement also said that Mr N had paid a total of £226,222.37 to his plan since it started. In fact, his total contributions to that pension totalled less than £2K.

I agree with Standard Life that it would've been reasonable to expect Mr N to have questioned why his 2024 annual statement showed such a large increase in the value of his pension. He knew he hadn't contributed such a large sum. I also say this because his October 2022 and October 2023 annual statements had showed consistent values of around £11,500. In addition, the evidence shows that in February 2024, Mr N carried out a fund-switch on his PPP. The 28 February 2024 confirmation of this showed a value of £10,822.77. However, the 9 July 2024 confirmation Standard Life sent Mr N for the further fund switch it processed for the PPP on 5 July 2024 stated a value of £242,313.45. I can also see that on 11 June 2024, Standard Life confirmed to Mr N that the total value of his two pensions on 6 June 2024 was £234,012.98.

Given this evidence, I don't consider it was reasonable for Mr N to have simply accepted when he received his October 2024 statement that the value of his PPP had gone up by 2000% since his last statement.

I'm therefore satisfied that after Mr N received his October 2024 statement, he ought reasonably to have been aware that there was an issue with the value of his PPP, which couldn't be as high as that shown. And that he should contact Standard Life to find out what had happened before making any financial decisions about his pensions.

I do appreciate that Mr N was dealing with a lot of issues at this time, including his impending redundancy and health issues. But I can't reasonably agree with him that the fact that he paid a management fee on his pensions meant that he didn't have some responsibility to notice and report a potential error.

And while I understand that Mr N felt he'd based several life-changing and irreversible decisions about his pension on the incorrect information he'd been provided with, I'm not persuaded that he shouldn't have known there may be a problem with his pension valuation before he made his first drawdown in November 2024.

I don't say that Mr N ought necessarily to have realised that a mistake had been made. But I do think that the increase in values was so significant that it might reasonably have suggested that something could be wrong.

With this in mind, I think it's also arguable whether it was reasonable for Mr N to have made significant decisions about accessing his pension on the back of values which there might be some doubt about.

In any event, I'm pleased to see that Standard Life is willing to allow Mr N to repay his taxable withdrawals from his pension so that he isn't restricted by the MPAA. While I acknowledge that Mr N feels this is a hollow offer, given he wouldn't have taken the money if he didn't need it, it is now possible for him to take tax-free cash from his pension and use that to repay the taxed withdrawals. If he takes this step, the MPAA will no longer apply and he'll be back in the position he felt he would've been in but for Standard Life's error. I therefore think this is a reasonable offer for Standard Life to make to put things right.

I'm also satisfied, given Standard Life's response to our investigator that no charges have been deducted from Mr N's two pensions, that he hasn't been charged more than he should've been due to Standard Life's error. And while I acknowledge that Mr N may well have paid more than the £1,000 compensation for the management of his pensions, that doesn't mean I think the compensation should be increased. I say this because the AMC charge covers the day-to-day administration of the plan, and the investment management of the plan, all of which has continued throughout the period of the error.

Overall, and after considering all of Mr N's points about the compensation paid and the

additional offer made, I'm satisfied that it is fair and reasonable. And that it aims to put him back into the position he would've otherwise been in but for the error. Therefore, while I uphold the complaint so that Standard Life will take the remaining step it has offered to take to put things right if Mr N wants it to, I don't require it to take any additional steps.

### **Putting things right**

Should Mr N change his mind, I require Phoenix Life Limited trading as Standard Life to allow Mr N to repay his taxable withdrawals from his pension so that he isn't restricted by the MPAA.

### **My final decision**

For the reasons set out above, I uphold Mr N's complaint. Phoenix Life Limited trading as Standard Life must take the action detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 12 December 2025.

Jo Occleshaw  
**Ombudsman**