

## The complaint

Mr J is unhappy with the length of time Phoenix Life Limited is taking to reverse a contractually vested annuity. Mr J said that, despite repeated reassurances from Phoenix Life that the matter would be handled as a priority, it still hasn't been completed. He mentioned that Phoenix Life has also been unable to provide him with the current value of the policy.

## What happened

Mr J held a personal pension plan (PPP) for a number of years. In 2014, the value of the pension was around £892. The pension didn't include any guarantees, and the normal retirement date was October 2014.

Phoenix Life didn't hold an up-to-date address for Mr J, so it initiated a trace in November 2013. A further trace was carried out and a letter was forwarded to DWP. Phoenix Life said it didn't receive confirmation of a successful trace.

The pension was vested by Phoenix Life and an annuity was set up. But as Mr J couldn't be contacted and it had no up to date payment information for him, the payments since 30 October 2014 were paid into a holding account.

Mr J contacted Phoenix Life in November 2024, asking for confirmation that the pension had vested so he could provide this information to HMRC. Phoenix Life then started the reversal process and confirmed this in the letter.

On 17 February 2025, Mr J contacted Phoenix Life asking for an update. He later sent an email on 16 April 2025 raising a complaint about the length of time it was taking to reverse the annuity.

On 30 April 2025, Phoenix Life issued a final response letter upholding the complaint and offered £100 compensation for the trouble and upset caused. It explained that the standard reversal process took 30 working days but acknowledged this was taking longer, and it apologised for the frustration. It also confirmed that the pension would be reinstated and further information provided.

Mr J remained unhappy and referred the complaint to us in May 2025. He said the process should have completed much sooner but was still ongoing.

Having considered the matter, the investigator thought that it should be upheld, saying the following in summary:

- He appreciated the steps Phoenix Life had taken to reverse the annuity, but the length of time this process was taking wasn't reasonable. By its own standards, the reversal process should normally take around 30 working days, but Phoenix Life was still unable to confirm when the reversal would be completed.

- This delay had had a clear impact on Mr J and he'd faced repeated uncertainty about the status of his pension. Understandably, this had caused significant frustration and inconvenience over a prolonged period of time.
- Mr J had also mentioned the length of time it took for Phoenix Life to respond to his complaint. From the available evidence, Phoenix Life received the complaint on 16 April 2025 and issued a final response letter on 30 April 2025. This was within the eight-week timeframe set out by the Financial Conduct Authority (FCA), so Phoenix Life hadn't acted unreasonably in this respect.
- Phoenix Life had already offered £100 compensation, but this didn't fairly reflect the scale of the trouble and upset caused. Given the extended delays, the ongoing lack of clarity and the distress caused by poor service, an increased award was more appropriate.
- Phoenix Life should therefore increase its compensation to £300 to reflect the impact on Mr J. In addition, Phoenix Life should complete the reversal process as soon as possible.

Phoenix Life agreed, and Mr J also indicated his agreement, but was concerned at the prospect of the complaint being closed before the reversal had been completed.

As such, the matter was referred to me for review. I issued a provisional decision on the complaint on 21 October 2025, in which I set out my reasons for upholding the complaint. The following is an extract from that decision.

*"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 agree with the investigator that the amount offered in respect of the trouble and upset caused to Mr J should be increased to £300, and I'm pleased to see that Phoenix Life has also agreed.*

*But I do have sympathy with Mr J's position and can I understand that, should this complaint be resolved on the basis that the annuity reversal will be completed as soon as possible, this provides Phoenix Life some significant latitude to prolong matters further, with an uncertain outcome for Mr J.*

*As such, my view is that the amount currently awarded to Mr J is appropriate on the basis of the time it has taken so far, but that Phoenix should also be required to commit to completing the process within a set period of time. Subsequent to this, a new period of delay will begin for which Mr J will be entitled to complain once more and seek further compensation.*

*Phoenix Life should therefore complete the process as soon as possible, and in any case within 28 days of the date of any final decision along these lines. As I've said above, subsequent to this Mr J will be entitled to raise another complaint on the basis of any additional time beyond that which it takes Phoenix Life to complete the process."*

Phoenix Life said that it accepted the decision. Mr J commented as follows:

- Phoenix Life said that it didn't receive confirmation of a successful trace after contacting DWP, but the latter had his address as he'd received correspondence from it at his address since 2012.

- He queried as to how HMRC had a tax coding for him on the policy when it wasn't even being paid out.
- With regard to the payments having been made into a holding account, Mr J enquired as to whether this meant that the monies should be paid as a lump sum from the holding account or in some other way. And he further queried as to whether, if the sum involved was for tens of thousands of pounds instead of a few hundred pounds, the matter would have been resolved by now.
- In all correspondence from our service, reference had made to an email sent to Phoenix Life on 16th April 2025 raising a complaint, when Phoenix Life in fact received his complaint on 16th March 2025. He attached the complaint email and Phoenix Life's original acknowledgement.
- Whilst he appreciated that the complaint was being upheld, the statement that Phoenix Life should complete the process as soon as possible and in any case within 28 days of the date of any final decision along these lines concerned him. He didn't want to be able to raise another complaint if Phoenix Life carried on dragging this matter out – he wanted it resolved.
- It had taken an inordinate length of time (one year so far) for the matter to be sorted and he was disappointed that this service didn't seem to have any real power to bring financial institutions to a resolution for unprofessional and unethical behaviour.
- He wondered whether there had been some sort of financial malpractice that was preventing Phoenix Life from discharging its duty of care in the matter. So far he hadn't received a valid reason for the matter to have been so prolonged.
- He'd also accessed an online group in which others had reported difficulties in accessing pension funds transferred to Phoenix Life. He wondered how many plans Phoenix was holding on to and just how large a total sum of money was involved. He guessed that it would be a very large sum. He also wondered whether Phoenix Life was delaying matters in the hope that the policyholder died so it wouldn't need to pay anything out.

### **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, my view on the matter remains unchanged. I've noted Mr J's disappointment with what he considers to be this service's inability to ensure that Phoenix Life unwinds the annuity, but whilst we have the power to direct a business to do something, we cannot enforce this. We would be unable, for example, to visit Phoenix Life's office and ensure that it does what it needs to do with its system to unwind the annuity.

But once accepted by a complainant, a direction within a final decision is enforceable through the courts if a business fails to comply with an ombudsman's direction. And so Phoenix Life will have 28 days to unwind the annuity from the date of this decision, after which Mr J will be able to begin enforcement action if he wishes.

It's also open to Mr J to report the matter to the regulator, the Financial Conduct Authority (FCA) if he wishes. This service doesn't have the power to fine or otherwise punish a

business for poor customer service, but the regulator is able to do so if it feels such action is warranted.

The aim of this decision is twofold – a binding determination upon Phoenix Life to finalise matters within 28 days, with the prospect then of Mr J being able to enforce that in court, along with the possibility of submitting a further complaint about additional delays beyond that 28 day period if Phoenix Life fails to complete the process by that time.

I've further noted the other comments made by Mr J about the original date of complaint and the prospect of the DWP having his address, but I don't think these change the outcome here. The crux of this matter – and the necessary remedy - is that Phoenix Life should unwind the annuity, and my provisional finding was that it should do so as soon as possible, and in any case within 28 days of the date of this decision.

However, with specific regard to the tax code point, Phoenix Life has said that the annuity payments were being notionally paid to a holding account, with tax deducted and sent to HMRC. P60s would have been generated (but possibly not sent as it didn't hold an up to date address) which confirmed the amount of tax that has been deducted. And as the annuity will have been cancelled, the tax will have been reclaimed back from HMRC.

I feel I should also clarify the situation with regard to the death of a policyholder though. Should Mr J die before the annuity is unwound, his beneficiaries, or possibly the estate, would then be able to pursue the matter.

### **Putting things right**

Phoenix Life Limited should complete the process of unwinding the annuity as soon as possible, and in any case within 28 days of the date of this final decision. Phoenix Life Limited has confirmed that, as the annuity will have been cancelled, the pension policy will be reinstated and Mr J will have the usual retirement benefit options.

As I've said above, subsequent to this, and subject to his acceptance of this decision, Mr J will be able to both enforce my determination in court and raise another complaint on the basis of any additional time beyond that which it takes Phoenix Life Limited to complete the process.

Phoenix Life Limited should also pay Mr J £300 if it hasn't already done so.

### **My final decision**

My final decision is that I uphold the complaint and direct Phoenix Life Limited to undertake the above.

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

Philip Miller  
**Ombudsman**