

## The complaint

Ms C complains that My Pension Expert Limited (MPEL) made an error on her annuity application form which led to her receiving an incorrect amount of tax-free cash (TFC) and an incorrect annuity. This meant that her pension (with a provider I'll refer to as provider A) had to be reinstated before the correct amount of TFC could be paid; and before her annuity could be set up with her chosen annuity provider (who I'll refer to as provider L).

## What happened

Ms C has held a Group Personal Pension Plan (GPPP) with provider A since 2007. In late 2024, she wanted to plan how she took her retirement benefits. At that time, her pension was worth around £300K.

Ms C spoke to an Independent Financial Adviser (IFA) at MPEL on 29 November 2024 about using a blended approach to take her pension. She decided she wanted to use £200K from her GPPP to first take £50K of TFC and then to use £150K to purchase an annuity. She wanted to use the remaining approximately £100K to set up a flexible access drawdown plan with provider A.

MPEL sent Ms C an application pack on 2 December 2024, which she completed and returned on 16 December 2024. Ms C then contacted MPEL on 20 December 2024 as she wanted to defer cashing in part of her pension for a while to see if its value would improve. MPEL then arranged for a second call with Ms C's IFA on 21 of January 2025. It submitted Ms C's application to provider L the following day.

On 28 January 2025, Ms C received TFC of £77,891.59. As this wasn't the £50K she'd requested, she contacted MPEL. The same day, provider A told MPEL that it had transferred the full amount of Ms C's funds to provider L. It said it could accept the funds back so that Ms C's original policy could be reinstated. MPEL updated Ms C.

Ms C told MPEL that it appeared from her provider A online account that she no longer had a pension with provider A. She said that as well as her concern about the incorrect TFC payment, she was worried about how this could be reinstated. She also wanted to know what had gone wrong. MPEL said it would talk to provider A about Ms C's pension. It wrote to her on 29 January 2025 to explain that the application had included an error. While it had correctly stated that the transfer would be for £200K, it had also stated the request was a full transfer, rather than a partial one. MPEL tried to reassure Ms C that as both provider A and provider L were aware of the issue it would be able to correct the mistake.

Provider A provided its bank details to MPEL on 31 January 2025 so that it could arrange for both Ms C and provider L to return the funds. Provider L confirmed on 5 February 2025 that it had done this. Provider A confirmed to MPEL on 13 February 2025 that it had received the funds back. This meant the process for reinstating the original policy could begin. MPEL called and wrote to Ms C the same day to update her. Ms C asked MPEL to log a complaint with provider A as she felt it'd failed to consider her time limits and provided contradictory information when calling for updates.

MPEL wrote to Ms C on 17 February 2025 to update her. It said that provider A couldn't give a timeframe for the completion of its legal review. It wrote to her again on 21 February 2025. But said that provider A hadn't been able to provide a further update. It also wrote to Ms C on 25 February 2025. It said that it was looking to see if it could take any steps to speed up provider A.

On 26 February 2025, provider A's legal team emailed provider L to ask for further information to better understand why the transfer had been processed incorrectly. MPEL was copied into this email. MPEL sent provider A's legal team all the information it had the same day. Ms C told MPEL that she was heartbroken. She felt provider A's legal team had told her that it was almost impossible to reverse the crystallisation of a pension. She wanted to know where this left her.

Then on 28 February 2025, provider A told MPEL that its legal team had provisionally indicated that it would be able to reinstate the policy. It would confirm this after a meeting with its legal team on 3 March 2025.

On 5 March 2025, provider A told MPEL that it was processing the reinstatement of Ms C's GPPP. It said that as soon as Ms C returned the TFC, it could be applied to the policy. It would then ask that the correct application be submitted to provider L. Ms C returned the TFC to provider A.

Ms C told MPEL that she was on a tight timescale, given her retirement plans. She was also concerned that annuity rates might fall. She also wanted to go over the advice with MPEL. This review took place on 6 March 2025. The IFA maintained his original recommendation. But as the original annuity quote had expired, had to run a new quote. This offered a lower annual annuity than the original application had been submitted on.

On 8 March 2025, Ms C told MPEL that she was unhappy that it was charging her fees. She said it had been the most distressing experience. And that it had made her extremely anxious. She felt it should waive its fee.

On 11 March 2025, MPEL asked provider L if it would stand by the original annuity quote. Provider L told MPEL on 18 March 2025 that it couldn't. It said it'd followed the instructions on the application which MPEL had sent. The same day, Ms C wrote to MPEL to note her concern about the potential loss she would suffer from a lower annual annuity. She also wrote to MPEL the following day to confirm that provider A had reinstated her GPPP.

Ms C raised a formal complaint with MPEL. It issued its final response on 20 March 2025. It acknowledged it had made a mistake on the application form which had led to the full fund being transferred and Ms C receiving incorrect TFC. Given the poor service, MPEL agreed to waive its initial adviser fee and ran a new quotation without that fee. This provided an annual annuity income of £11,308.56, which was higher than the initial annuity quote.

MPEL acknowledged that due to its error, Ms C had spent hours on the phone and had been further inconvenienced when she'd had to return the TFC. It also acknowledged that she'd hardly slept since the error, which had caused her anxiety levels to significantly increase. It apologised. And offered Ms C £300 compensation for the distress and inconvenience it had caused her.

Ms C's annuity with provider L was set up with a start date of 31 March 2025 for a purchase price of £149,999.76. TFC of £49,999.91 was paid to Ms C on 2 April 2025.

I understand that Ms C's remaining funds were left in her reinstated GPPP with provider A and not transferred to a flexible access drawdown.

Ms C was unhappy with the compensation MPEL had offered. She brought her complaint to this service in June 2025. She felt the £300 compensation MPEL had offered didn't acknowledge the affect the error had on her mental health. She said she'd suffered weeks of stress, anxiety and sleep loss. And felt that the £300 offer wasn't anywhere near high enough to compensate her for that.

Our investigator felt that MPEL had been proactive in resolving its error, frequently updating Ms C. While she acknowledged the stress, anxiety and sleep loss Ms C had suffered, she felt that the £300 compensation it'd offered was fair and in line with what this service would deem reasonable.

Our investigator was happy to see MPEL had waived its initial adviser fee. And that Ms C had purchased a more favourable annuity than she would've done if MPEL had made no error. But she didn't think MPEL had considered two further potential areas of financial loss – the loss of use of the TFC payment from the period the correct amount should've been paid, and the lost investment return on the excess funds that should've been left with provider A throughout.

Our investigator felt that the payment of Ms C's correct TFC was delayed from when it should've been paid on 28 January 2025 to when it was paid on 2 April 2025. While she noted that Ms C was incorrectly paid a higher amount of TFC on 28 January 2025, she felt Ms C couldn't use those funds as she knew she had to return them to provider A. She therefore felt that MPEL should pay Ms C 8% simple interest per annum on £50K from 28 January 2025 to 2 April 2025 as compensation for the loss of use of those funds over that period.

Our investigator felt that the additional funds over £200K that were incorrectly transferred from Ms C's GPPP would've been uninvested until the pension was reinstated. As such, she felt MPEL should calculate the investment loss Ms C had suffered on those additional funds from 28 January 2025 – when they were incorrectly transferred - to 5 March 2025 – when they were reinvested in the reinstated GPPP with provider A.

Provider A confirmed to MPEL that it had reinstated Ms C's GPPP using the same value that was originally transferred and the same date. It therefore said that Ms C had been put back in the same position she would've been in had the transfer never taken place.

After receiving this information from provider A, MPEL didn't consider that it would need to look at this part of the recommended redress as there would've been no loss. But it accepted our investigator's other recommendations.

Ms C still felt the £300 compensation MPEL had offered wasn't sufficient for the distress it'd caused her over several weeks. She made the following points for me to consider:

- She suffered from stress and anxiety.
- Her pension was all she had to live on and she lived alone. When MPEL made the error she thought she might end up with no cash available for emergencies. This led to weeks of sleepless nights and stress about the transfer.

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'm going to uphold the complaint. I agree with our investigator that MPEL has, for the most part, already taken appropriate steps to put things right. But that it should take the further step she outlined to ensure that Ms C is put back to the position she would've been in but for MPEL's error. While I don't doubt the distress and inconvenience this error caused Ms C, I'm not persuaded MPEL should increase the compensation it has paid her for this. I know this will be disappointing. I'll explain the reasons for my decision.

I don't have a lot to add to what our investigator has already noted. I'm pleased to see that MPEL clearly took Ms C's complaint seriously, acknowledged its error and tried to do everything it could to keep her informed while it was taking steps to put things right. I'm also pleased to see that MPEL quickly accepted Ms C's request for it to waive the initial adviser fee. And I'm happy to note that Ms C has ended up with a higher annuity in payment than she would've been receiving if MPEL hadn't made the error it did. Therefore I'm satisfied that - in terms of the annuity now in payment - Ms C hasn't suffered a financial loss. But I appreciate that this came at a mental health cost. I'll consider this later in my decision.

I agree with our investigator that MPEL needed to consider whether Ms C suffered a loss on the funds that should've remained with provider A throughout, but which I understand were incorrectly transferred on or around 28 January 2025. I understand these amounted to around £100K. Until provider A reinstated Ms C's GPPP and her funds were returned to it, it appeared that these funds weren't invested.

After our investigator issued her view, Provider A confirmed that it'd taken action to put Ms C back in the same position she would've been in had the transfer never taken place. Therefore, while our investigator recommended MPEL carry out a loss calculation for this, I'm satisfied that such a loss calculation is no longer needed. That's because I'm satisfied that the funds Ms C didn't want to transfer away from provider A currently have the same value they would've had if they hadn't been incorrectly transferred. As such, there has been no financial loss here.

I also agree with our investigator that MPEL must compensate Ms C for the loss of use of the £50K TFC sum she requested. As this should've been paid on 28 January 2025, when the incorrect amount was paid, I consider that MPEL should pay Ms C interest at 8% simple each year from 28 January 2025 to 2 April 2025, the date it made the correct payment. This is because Ms C wasn't able to use the funds that were incorrectly sent to her on 28 January 2025, as she knew she'd have to return them.

I finally considered the distress and inconvenience MPEL's error caused Ms C.

#### *Distress and inconvenience*

Ms C said she'd suffered the inconvenience of spending hours on the phone to try to sort things out. She also had to make a special journey to her bank so that the incorrect TFC payment could be returned.

Apart from the obvious inconvenience the error caused, Ms C has also explained how the error made her usual stress and anxiety much worse. She said it also caused her to lose sleep and made her mental health worse. Ms C has also explained that her pension was all she had to live on. The issues she faced led her to worry about having no cash for emergencies.

Ms C said it was extremely stressful during the time that provider A's legal team considered whether it could reinstate her plan and start again. And that the whole period from January to

March 2025, when the error was eventually resolved, was so stressful.

I don't underestimate how stressful this situation was for Ms C. And while I can see that our investigator has shared this service's usual compensation guidelines with her, I understand why she doesn't feel that the compensation MPEL has offered is enough. However, I'm satisfied that the compensation MPEL has offered to pay Ms C is fair and in line with what I would've otherwise recommended. I'll explain why.

The evidence shows that Ms C identified the error on 28 January 2025. She told MPEL how concerned she was about both the incorrect TFC payment and the fact that her GPPP with provider A had been closed. MPEL told her what had gone wrong the following day. It offered reassurance that it would be able to correct the mistake.

Ms C clearly suffered considerable worry between 13 February 2025 and 26 February 2025, while provider A's legal team tried to establish what could be done. And she had to wait until 28 February 2025 before she received provisional confirmation that provider A would be able to reinstate the policy. I can also see that Ms C had her own deadline and that this was worrying her. But when she wanted to go over the original advice with MPEL, it quickly arranged this. And when she asked MPEL to waive its fee, it quickly agreed.

I don't doubt the significant impact MPEL's error had on Ms C. I can see that it made a transaction that would already have been very stressful for her so much worse. But I'm pleased to see that MPEL kept Ms C updated and responded quickly to her requests. And that it offered reassurance as soon as it could that it would correct its mistake. Overall – and considering the other steps it has taken to put things right - I'm satisfied that the £300 compensation MPEL has offered Ms C is fair under the circumstances of this complaint.

I uphold the complaint.

### **Putting things right**

I require My Pension Expert Limited to take the following further steps to put things right:

- Pay Ms C 8% simple interest per annum on £50K from 28 January 2025 to 2 April 2025 as compensation for the loss of use of those funds over that period.
- It's unclear from the evidence provided whether the £300 compensation My Pension Expert Limited offered Ms C has been paid. If it hasn't already paid this, it must pay the £300 compensation it has offered but not yet paid.

Income tax may be payable on any interest paid. If My Pension Expert Limited deducts income tax from the interest, it should tell Ms C how much has been taken off. My Pension Expert Limited should give Ms C a tax deduction certificate in respect of interest if she asks for one, so she can reclaim the tax on interest from HMRC if appropriate.

### **My final decision**

For the reasons set out above, I uphold Ms C's complaint. My Pension Expert Limited must take the actions detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 1 January 2026.

Jo Occleshaw  
**Ombudsman**