

## **The complaint**

Mrs D is unhappy with the service she received when accessing her tax-free cash lump sum from her Phoenix Life Limited (Phoenix Life) pension. She complains that there were delays in processing her claim, that she received inaccurate information and forms, and received no call backs as requested. She is also unhappy that she wasn't told she had to purchase an annuity to access enhanced tax-free cash and that this was not available alongside a drawdown arrangement.

Mrs D is represented by her independent financial adviser (IFA) in bringing this complaint.

## **What happened**

The history leading up to this complaint is well known to the parties and has been clearly set out in the investigator's assessment, and therefore I have only summarised events below. Mrs D had a Phoenix Life Executive Pension Plan starting in or around 2001.

In early 2025 Mrs D's IFA (who I will refer to as Mr W in this decision) sought information from Phoenix Life about Mrs D's pension plan benefits.

On 13 January 2025, Phoenix Life received a completed A-Day Lump Sum calculation form. This document was submitted to determine Mrs D's entitlement to a tax-free cash sum of more than the standard 25% (enhanced tax-free cash).

It does not appear that this was acknowledged or actioned by Phoenix Life at the time. But on 21 January 2025 Mr W called Phoenix Life to confirm the form had been received. This was confirmed and Phoenix Life sent Mr W a letter the same day with a transfer quote which included various forms and information required for a transfer to proceed.

Mr W phoned Phoenix Life a number of times between January and March 2025 for information about Mrs D's entitlement to enhanced tax-free cash. And when this information wasn't provided, a complaint was raised with Phoenix Life on 12 March 2025.

On 13 March 2025, Phoenix Life sent Mr W a letter advising him that "Phoenix Life does not offer flexible retirement income (drawdown)" and that Mrs D may be entitled to more than the standard 25% tax-free cash and included a blank tax-free cash calculation form. This letter also confirmed an 'A-Day' sum of £41,994.86. Phoenix Life also called Mr W that day to discuss matters.

Mr W phoned Phoenix Life again on 18 March 2025 chasing transfer discharge forms. Phoenix Life found the forms had been sent on 21 January 2025 so reissued them to Mr W by email.

Mr W called Phoenix Life several times over the next couple of days, unhappy with the information provided and the lack of call backs as promised. Ultimately, Mr W spoke with a Phoenix Life supervisor who confirmed the transfer quote had been generated.

Although forms had been received, Mr W said they were not the correct discharge forms, and he continued to chase Phoenix Life for the right forms and plan information the following week. He also told Phoenix Life on 24 March 2025 that Mrs D needed the funds to complete a mortgage deposit that day.

Mr W chased information about Mrs D's complaint on 13 May 2025 and again on 30 May 2025. A phone call also took place on 20 May 2025 about Mrs D's pension plan.

On 27 May 2025 Phoenix Life sent Mr W a letter in follow up to the 20 May 2025 call. This letter said:

*I can confirm that [Mrs D] is able to take the tax free cash amount previously quoted with the remaining fund available to be taken as an open market option which should be used to purchase an immediate annuity with another pension provider.*

*Should [Mrs D] choose to transfer her benefits then the whole amount must be transferred away with no tax free cash amount available from us.*

On 3 June 2025, Phoenix Life issued its final response to Mrs D's complaint. Phoenix Life upheld her complaint accepting that there were delays in sending the plan information that had been requested. Phoenix Life offered to conduct a loss assessment to make sure she had not been financially disadvantaged as a result, and it offered Mrs D £250 for the trouble and upset it caused, along with £50 because of the time taken to look into her complaint.

Mr W called Phoenix Life on 26 June 2025 about the complaint. At this time, he was incorrectly told that enhanced tax-free cash was available with drawdown arrangement.

A further final response letter was issued on 30 June 2025. This letter acknowledged that multiple call backs and emails had not been completed when they should have been. And it said that Mr W had been incorrectly advised that Phoenix Life would be able to complete a drawdown for Mrs D. For this, Phoenix Life offered Mrs D an additional £200 for the frustration and upset it caused her. It again offered to review whether Mrs D had been financially disadvantaged because of its delays and provided Mr W with information about making a claim for the time he spent on Mrs D's case.

This letter also included an explanation of why Mrs D could not take enhanced tax-free cash and move the remainder to drawdown. It said, in part:

*Whilst the IFA is correct, in that Phoenix Group does offer drawdown under a different pension product other than the product the member currently holds, trading under the Standard Life brand. The issue here is that under HMRC legislation, taking scheme specific tax free cash (Protected TFC) and then transferring the remaining benefits to another pension scheme, is not possible.*

It referred to HMRC technical guidance RPSM03105520 - Technical Pages: Protecting pension rights from tax charges: Lump sum: Scheme specific protection: Conditions (<https://webarchive.nationalarchives.gov.uk/ukgwa/20140604073534/http://www.hmrc.gov.uk/manuals/rpsmmanual/rpsm03105520.htm>) and quoted it at length.

In relevant summary, this explained that taking enhanced tax-free cash and moving the remainder to a drawdown arrangement would be considered an unauthorised member payment, subjecting Mrs D to unauthorised payment charges. And it said:

*If the scheme that has the protected lump sum does not offer a drawdown pension fund facility, to be authorised payments the individual has two options*

- 1. Transfer the rights into a new scheme that does provide a drawdown pension fund facility before crystallising any benefits from the transferring scheme. The benefits can then be fully crystallised under the receiving scheme as a pension commencement lump sum and drawdown pension fund. Unless the transfer is a block transfer the right to a protected lump sum will be lost.*
- 2. Stay within the protected pension scheme and use the form of pension offered by that scheme. The lump sum will remain protected but the individual will not be able to have a drawdown pension fund*

It was further explained that the scheme rules for Mrs D's executive pension plan do not allow flexible retirement options to be taken, and if she wanted to access her pension flexibly through drawdown, she must transfer her pension benefits fully to an appropriate arrangement to facilitate this.

Phoenix Life received an Origo request on 10 August 2025 for a full transfer of Mrs D's funds to a different provider (Provider B). A letter dated 1 September 2025 was sent to Mrs D confirming that Phoenix Life would make a payment of £111,384.24 (the value of Mrs D's pension fund on 10 August 2025) to Provider B in the "next four to five working days."

Dissatisfied with Phoenix Life's response to Mrs D's complaint, Mr W, on her behalf, referred the matter to this service for an independent assessment.

One of our investigators looked into Mrs D's concerns and what Phoenix Life had offered to put things right. Having done so, he agreed that Phoenix Life's poor service had caused delays. He thought had things gone as they should have, Mrs D's transfer would have completed on 11 June 2025, instead of on 10 August 2025.

To put things right for any financial loss caused by these delays, the investigator thought Phoenix Life's offer to calculate whether Mrs D suffered a loss as a result of the transfer not completing on 11 June 2025 was reasonable, noting that Phoenix Life had also offered to consider any other financial loss Mrs D may have suffered because of the delays, including any loss due to borrowing money for the mortgage deposit. The investigator explained the £450 offered to Mrs D for the trouble and upset caused to her was sufficient and that this service is unable to consider how a business has handled a consumer's complaint, as this is not a regulated activity. So, he didn't think Phoenix Life needed to do anything more.

Mr W responded to the investigator and said, amongst other things, that it was not in dispute that Mrs D could not take enhanced tax-free cash and drawdown. But said that they were told many times that this option was available and specifically referenced two calls, one on 26 May 2025 and another on 27 June 2025 in support of this.

Mr W also didn't think the compensation offered was sufficient as it didn't properly account for the work he'd done on this complaint.

The investigator considered Mr W's comments but explained that he wasn't persuaded to change his mind. And that we don't typically compensate for professional representation in bringing a complaint to us.

As an agreement could not be reached the complaint has been referred to me for a final 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.

It's clear to me that Mrs D and Mr W, her IFA, have strong feelings about this complaint. And they have provided detailed arguments to support Mrs D's case which I can confirm I've read and carefully considered. However, I trust they will not take the fact that my findings focus on what I consider to be the central issues, as a discourtesy. The Financial Ombudsman Service was set up to be a quick and informal alternative to the courts. And the purpose of this decision is to explain what I think is fair and reasonable in the circumstances, not to offer a point-by-point response to everything the parties to the complaint have said.

So, I will not refer to every submission, comment, or argument. Instead, my decision sets out what I think are the most important points to explain my decision in a way that is intended to be clear and easy to understand.

Additionally, the Financial Ombudsman Service is not a regulator. This service's role is to deal with individual complaints and determine whether a firm has done anything wrong pertaining to a particular complainant. If we find it has, we'll then go on to consider whether a complainant has suffered any financial loss or inconvenience as a result of a firm's conduct. We cannot punish a firm or require it to change its practices; that is the role of the regulator, the Financial Conduct Authority (FCA). But we can highlight in an individual case how a practice may have impacted on a particular consumer's loss or inconvenience.

So, my remit is to consider what's fair and reasonable in all the circumstances of this complaint. In doing so I am required to have regard to, amongst other things, relevant laws, rules and regulations, as well as good industry practice.

While I understand the frustration here, like the investigator, I consider Phoenix Life's offer a fair and reasonable resolution to this complaint and so I won't be asking it to do more than it has already offered.

Mrs D's complaint concerns broadly two areas – the delays experienced in accessing her tax-free cash/transferring her pension to a different provider and Phoenix Life's poor service and miscommunication throughout the process.

I will address each in turn.

### *Delays*

There is no dispute that Phoenix Life caused a delay when Mrs D sought to transfer her pension in early 2025. The investigator's assessment concluded that had no delays occurred Mrs D's transfer would have completed on 11 June 2025. Although Mr W didn't accept the investigator's findings, he also didn't provide any evidence that persuades me that the transfer should have completed on a different day.

This completion date is based on a hypothetical timeline which Phoenix Life suggested would most likely have transpired if no errors had been made. This was endorsed by our investigator and is as follows:

- 13 January 2025      The A-Day form is received by Phoenix Life
- 27 January 2025      Phoenix Life process A-Day form
- 3 February 2025      Mr W contacts Phoenix Life to ask about taking enhanced tax-free cash with the remainder in drawdown (assumed five working days later)

- 17 February 2025 Phoenix Life provide Mr W with confirmation of Mrs D's options,  
which does not include enhanced tax-free cash and drawdown
- 24 February 2025 Mr W requests relevant forms for Mrs D to take her pension
- 10 March 2025 Phoenix Life issue relevant documents
- 28 May 2025 Origo request received (55 days later as actually happened, between Mr W being provided with the correct information by Phoenix Life on 27 May 2025 and Phoenix Life receiving the Origo request on Sunday 10 August 2025)
- 11 June 2025 Transfer completed

I appreciate Mr W has said the A-Day calculation form had already been provided at the end of 2024 so there was no need for Phoenix Life to have resent them on 13 March 2025. I've seen no evidence that Phoenix Life received this form prior to 13 January 2025. And the hypothetical timeline assumes this form was properly actioned by Phoenix Life on 27 January 2025 (10 working days later). I've seen insufficient reason to conclude that these dates aren't fair to use in constructing a hypothetical timeline based on what should have happened. And if things had happened according to the hypothetical timeline, the A-Day calculation form would not have been incorrectly reissued.

This timeline set out above does not otherwise appear to be under dispute. But for completeness, I have considered whether it is fair and reasonable in this case. I note that no evidence has been provided which would lead me to believe that the time between when Phoenix Life provided the relevant transfer documents and when the Origo transfer request was received (55 working days later in total) would have been any different had Phoenix Life not delayed things.

The rest of the hypothetical timeline is based on what I consider to be reasonable service level agreement expectations that are generally in line with good industry practice. Therefore, I consider it sets out a reasonable timeframe for transferring Mrs D's pension benefits, taking into account the circumstances presented here. Accordingly, Phoenix Life should conduct a loss assessment as set out below based on the transfer completing on 11 June 2025.

### *Poor Service*

A large part of Mrs D's complaint is about the service Phoenix Life provided, and the lack of information or misinformation given about her pension benefits. Phoenix Life offered Mrs D £450 to compensate for the trouble and upset caused to her because of this.

Mr W argues that Phoenix Life's offer for the trouble and upset it caused is insufficient. In particular, he said the £450 offered to Mrs D, along with a further £50 for the delay in responding to her complaint, made no allowance for his work handling this complaint on Mrs D's behalf, which he'd evidenced with a complaint log provided to this service.

But as explained by our investigator, our service is free to use, so we generally do not provide redress for professional representation in bringing a complaint to us. And I've been

provided with no evidence that persuades me that Mrs D couldn't have brought her complaint to us directly.

Furthermore, I understand that Phoenix Life registered a separate complaint for Mr W regarding the matter of compensation due to the extra work required because of its mistakes in handling Mrs D's transfer. As this is being dealt with separately, and I've been provided no evidence that Mrs D directly incurred additional losses or adviser costs because of Phoenix Life's mistakes, I won't be making an award related to Mr W's costs.

In addition, this service can only look into complaints about regulated activities, as set out in DISP 2.3.1 of the FCA's Handbook, or 'ancillary' activities which are carried out in connection with a regulated activity. The concerns about how Phoenix Life dealt with Mrs D's complaint about the transfer delays and poor service, isn't a complaint about a regulated activity or ancillary to it. Therefore, I make no finding on the £50 offered to Mrs D in relation to the delay in providing her a final response.

I appreciate that Phoenix Life could have been clearer about Mrs D's options in taking her benefits. But I would note that all the forms provided to Mr W were the correct forms for Mrs D's plan. However, Phoenix Life failed to properly explain to Mrs D and Mr W why this was the case early in the process, leading to unnecessary confusion, extra work and delays. Phoenix Life did not confirm to Mr W what Mrs D's options were to take her benefits, and how she could access enhanced tax-free cash, until 27 May 2025. And from the evidence I've been provided, Phoenix Life explained for the first time the rules regarding enhanced tax-free cash and how they applied to Mrs D's pension plan on 30 June 2025.

This is not an insignificant amount of time for Mrs D to be left uncertain about her pension benefits. And the level of stress and frustration Mrs D experienced as a result, especially during the time she was looking to finance a mortgage deposit, was undoubtedly high. But much of the evidence provided in this case relate to the efforts and inconvenience directly experienced by Mrs D's adviser, Mr W, and primarily from 12 March 2025, as part of his handling of this complaint.

Given the circumstances presented here, I consider that the £450 compensation offered to Mrs D to be fair. I consider it reflects the impact of Phoenix Life's mistake, which personally caused her considerable upset, worry and significant inconvenience between January and June 2025. More information about our awards for non-financial loss can be found on our [own website](#).

### **Putting things right**

I have not been provided with any evidence which persuades me to change the redress proposed by Phoenix Life and endorsed by the investigator. This is set out in detail below.

But in response to the investigator's view, Mr W queried who would cover the cost associated with dealing with the redress payment, including providing an advice report and application for the "top-up" and to deal with issues like unauthorised payments.

To be clear, our redress is designed to put the consumer as close as possible to the position they would be in had things gone as they should have. If the redress calculation set out below, results in a loss, as explained, this may be paid as a cash lump sum directly to Mrs D if it is not possible to pay directly into her pension. Our standard approach is that where the funds would have been held within a pension had no errors occurred, then it is reasonable for redress to be paid into the pension. But only if it does not disadvantage the consumer, for example, by causing them to lose lifetime allowance protections, amongst other things. It is expected Phoenix Life would gather the information necessary to make this determination.

However, I recognise that Mrs D over age 55 and could access her pension funds in any event, so she may choose to take this as a lump sum, with tax deducted as required by HMRC. She may also choose to seek financial advice, and this may incur her a cost. However, at this point, that cost is hypothetical and not something for which I can make an award. But Phoenix Life offered to look at any other losses Mrs D may have experienced if she is able to provide evidence. I consider this fair, though note that to date I am unaware of any such evidence being provided, other than an invoice from her IFA directly to Phoenix Life.

Accordingly, I consider future costs Mrs D incurs which she believes are the result of the redress provided in this complaint, should be raised with Phoenix Life in the first instance.

### *Fair Compensation*

My aim in awarding fair compensation is to put Mrs D in, as close as is possible, the position she would now be in but for Phoenix Life's mistakes. I think this would have meant Mrs D's fund transfer would have completed on 11 June 2025 and invested as Mrs D did when the transfer actually completed on 10 August 2025.

Any loss Mrs D has suffered should be determined by obtaining the notional value of Mrs D's pension from the new pension provider as at the date of this decision, and assuming it had been invested in the same way as it was actually invested. It should use the transfer value that would have been paid if the transfer completed on 11 June 2025 in obtaining the notional value, and mirror the actual time taken to buy funds in the new pension.

Phoenix Life should compare this with the current actual value of Mrs D's pension at the date of this decision (taking into account any contributions and withdrawals from the new pension). If the notional value is higher, Mrs D has suffered a loss and compensation is due. If the actual value is higher than the notional value there is a gain, and in that case, no redress is payable in respect of financial loss.

The compensation amount should if possible be paid into Mrs D's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation should not be paid into Mrs D's pension plan if it would conflict with any existing protection or allowance.

If payment into the pension isn't possible, or has protection or allowance implications, it should be paid directly to Mrs D as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mrs D has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to her likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.

I'm persuaded by the evidence provided that Mrs D always intended to take a tax-free cash sum from her pension. Because the transfer was delayed, access to the tax-free cash was also delayed. But it is unclear whether Mrs D has taken a tax-free withdrawal from her pension currently.

So, Phoenix Life should confirm whether Mrs D has already taken her tax-free cash. If she has, it will need to establish when this was received and how much she received and compare this to the amount she would have received if the transfer had completed on

11 June 2025. If Mrs D was entitled to more tax-free cash at this time compared to what she actually received, Phoenix Life should pay this sum directly to Mrs D.

Phoenix Life should also determine how long Mrs D was without access to her tax-free cash as a result of its delays and pay her 8% simple interest on this sum from when she should have received her tax-free cash entitlement to when it was actually received.

If Mrs D has not already taken her tax-free cash, like the investigator, I think it reasonable to set a clear point after which it would no longer be fair for Phoenix Life to carry out a loss assessment for this element. I consider a period of 30 calendar days from the date Mrs D lets this service know she accepts my decision to be reasonable for this purpose. Beyond this date, Phoenix Life will not be responsible for any potential loss to the tax-free cash Mrs D later receives.

Phoenix Life should pay Mrs D £450 for the trouble and upset it caused, unless Mrs D has already received this compensation. If this compensation has already been paid and accepted, Phoenix Life does not need to pay anything further to compensate Mrs D's non-financial loss.

### **My final decision**

I uphold the complaint. My decision is that Phoenix Life Limited should pay the amount calculated as set out above. In addition, Phoenix Life Limited should pay Mrs D £450 compensation for the trouble and upset it caused, if it has not already done so.

Phoenix Life Limited should provide details of the calculations to Mrs D in a clear, simple format if requested.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 28 April 2026.

Jennifer Wood  
**Ombudsman**