

The complaint

Mr R says Rothesay Life Plc is misquoting his pension benefits making the impact of taking them early look unattractive. He also raises concerns about the service he received.

What happened

Mr R was a member of an occupational pension scheme between July 1984 and September 1988. After leaving his employer he became a deferred member. He was contracted out of the State Earnings Related Pensions Scheme (SERPS), meaning alongside his other benefits he accrued a Guaranteed Minimum Pension (GMP). This GMP was available at a Normal Retirement Date (NRD) in June 2028. In 2021 Mr R's policy was acquired by Rothesay, as a defined benefit annuity contract.

Mr R contacted Rothesay to request an early retirement quotation based on a retirement date of 22 May 2025. He was provided with a quotation on 4 June 2025. This confirmed that under Option 1 he could receive a full pension of about £1,494. Mr R queried the quotation with Rothesay because he'd previously received projections suggesting he could receive as much as £2,005 at his NRD.

On 6 June 2025, Rothesay confirmed that early retirement factors (ERFs) had been applied to elements of his benefits and referred him to his Individual Policy Document (IPD), in particular the section *Revaluation before Retirement*.

After some further correspondence with Rothesay to query the assumptions used, Mr R raised a complaint. He confirmed to this Service the main elements of this were as follows:

- Rothesay said the ERFs should be applied to Mr R's pension as of the date he wanted to take his benefits. But he thought the adjustment should be applied to his projected benefits at his NRD. He says this would've led to a higher quotation.
- The ERFs Rothesay applied seemed very high compared to other providers.
- Mr R wasn't clear why Rothesay had said its calculations were confidential and felt they weren't being transparent. He thought they were dismissive and defensive when challenged. And given their history of providing incorrect quotations in the past, he couldn't be confident the latest figures were accurate.
- Rothesay took six weeks to provide its complaint response.

To put things right Mr R wanted Rothesay to justify its figures and if they prove to be incorrect compensate him.

An Investigator considered Mr R's case, she didn't recommend it should be upheld. She concluded:

"...whilst I appreciate this is likely to come as a disappointing outcome, I won't be asking Rothesay to take any action. I haven't seen any evidence to suggest that Rothesay have caused a financial loss, and I'm satisfied the level of detail and explanation they have provided is appropriate under the circumstances."

Mr R rejected the Investigator's view. In his final substantive submission he summarised his position in the following terms:

"You have gone into a lot of detail to explain how they calculated their figures, details which they themselves I feel should have been willing to discuss rather than being so defensive.

As you say you do not have the capacity to challenge actuarial calculations which begs the question as to how we know they are correct? Anyone can make a mistake but their unwillingness to explain their calculations does them no credit as they then try to claim that the information is 'confidential'. I think I have proved that it is nothing of the sort, as they subsequently backtracked and attempted to provide an explanation whilst their attempts to explain who the information is confidential from didn't stack up at all.

You state that I have not suffered any potential loss from their quoted figures, but if they happened to be too low that would make early redemption unattractive hence putting me at a potential disadvantage, as you can't say that they are not incorrect you wouldn't be able to back this statement up.

I could expand further but in summary, Rothesay Life have been causing me problems since day 1 and if they continue to do so I shall continue to raise complaints against them."

As both parties couldn't agree with the Investigator's view Mr R's complaint has been passed to me to review afresh and to provide 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.

Where there's conflicting information about the events complained about and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what's most likely to have happened.

I've not provided a detailed response to all the points raised in this case. That's deliberate; ours is an informal service for resolving disputes between financial businesses and their customers. While I've taken into account all submissions, I've concentrated my findings on what I think is relevant and at the heart of this complaint.

I'm not upholding Mr R's complaint. I'll explain why.

I've considered the extensive regulation around the services like those performed by Rothesay for Mr R. The FCA Handbook contains twelve Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 2.1.1 R in the FCA Handbook). These include:

- Principle 2, which requires a firm to conduct its business with due skill, care and diligence.
- Principle 6, which requires a firm to pay due regard to the interests of its customers and treat them fairly.
- Principle 7, which requires a firm to pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

So, the Principles are important and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms. As such, I need to have regard to them in deciding Mr R's complaint.

Starting with what is at the heart of Mr R's complaint – his concern around the method/ERFs used by Rothesay to arrive at its quotation were he to take his pension benefits early. Having reviewed the Investigator's comprehensive initial findings on this matter I think her conclusions were correct.

Reviewing Mr R's Individual Policy Document, it sets out the basis on which each of the elements of his pension with Rothesay would be inflated over time. In addition it states:

"If you decide to retire early (including for a reason of ill-health) before your Normal Retirement Date (except for a reason of total incapacity), certain parts of your pension may be reduced because they are being paid early and so are expected to be paid for longer."

As the Investigator concluded:

"There are a number of reasons why the ERFs would be applied to the actual retirement value as opposed to your NRD. As Rothesay have explained, ERFs take into account how long they expect to pay your pension. The ERFs can't be deducted from the projected value at NRD, because the assumptions used to determine how long the pension might be in payment – including life-expectancy assumptions – have to be current. The projected value at NRD also includes assumptions for future increases you would receive on the non-GMP components of the pension. But when you retire earlier than NRD, you wouldn't be entitled to those increases. As the terms confirm, increases on the non-GMP components of the pension only apply up until the actual date you start to receive your benefits (if this is earlier than the NRD).

The projected values at your NRD are also only projections – not guaranteed values from which the final pension figure can be derived. I'm satisfied that this was explained to you in the letter issued on 16 February 2024. This said:

"This statement is provided to give you an idea of the level of benefits you can expect to receive from your policy under each of your retirement options, based on laws in force at the current time and you retiring on 2 June 2028. The figures quoted below are not guaranteed and are provided for illustration purposes only."

And

"If you are interested in taking your benefits directly from us, please contact us at least 3 months before your chosen retirement date to request an options pack. This will include pension figures at your chosen date which will usually be guaranteed."

It is not the role of this Service to check pension quotations. We don't employ actuaries. However, I've considered the information we do have and I'd note the calculation appears in line with historic quotations Mr R received. The ERF's it has used are not outliers compared to others I've reviewed. And I've not seen anything which makes me think there is something obviously wrong with the approach Rothesay has taken.

Mr R didn't think Rothesay had been as transparent in its calculations as it should've been. He thought it was dismissive and defensive when challenged. And given its history of providing him with incorrect quotations in the past, he couldn't be confident the latest figures were accurate.

I understand the point Mr R is making here. But simply because Rothesay has made errors in the past (which have been dealt with), does not mean what it's told him most recently is incorrect. Given the information from his policy document, the quotation letter he received in 2025 and the calls he had with the firm, I'm satisfied the information was sufficient for him to be able to understand the effect on his benefits of taking his pension early. And this included being clear about the discount factors it was using and the rationale for this.

I can see there were occasions when Mr R was frustrated with the communication from Rothesay. The Investigator noted the example of a callback that had been agreed but where there were issues with that process.

We're all inconvenienced at times in our day-to-day lives – and in our dealings with other people, businesses and organisations. When a firm considers what's happened, it needs to reflect on whether the impact of its actions was greater than just a minor inconvenience or upset. Rothesay apologised for any frustration Mr R experienced in its final response. I'm satisfied that was sufficient in this instance.

Mr R was concerned that it took Rothesay six weeks to respond to his complaint. Again, I understand why he would've wanted the earliest possible response. But Rothesay wanted to check the position with its experts, and I think that was the right thing to do when dealing with financial matters that are very important to people's retirement plans. I'd also note it was within the eight weeks the firm is permitted to take as a maximum by regulation.

My final decision

For the reasons I've set out, I'm not upholding Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 February 2026.

Kevin Williamson

Ombudsman