

The complaint

Mr T complains that Phoenix Life Limited (Phoenix) have provided incorrect information about the value of his with profits pension. He also states that they have used confusing terminology to describe guarantees associated with the fund he invested in.

Mr T also complains that his pension fund declined significantly between 2022 and 2023, and there is no explanation for the decline. Mr T states that he has suffered a financial loss of around £27,000 and has had to put life decisions on hold as a result.

What happened

Mr T held a pension with Phoenix (originally held with Sun Alliance) that was set up in 1995 as part of a bulk transfer from a previous employer's pension scheme. The retirement date was set as his 65th birthday in April 2024. The plan was invested in the with profits fund, and had a Guaranteed Basic Sum of £47,954. It included a Guaranteed Annuity Rate (GAR) of £100 per £1,000 of fund on the normal retirement date.

In 2015 Phoenix wrote to Mr T following an enquiry from him. This letter explained that at commencement the policy included a GAR, and that at normal retirement date (age 65), the guaranteed basic sum of £47,954 would become available, and to that would be added accrued bonuses which at that time stood at £4,362, making a total cash fund of £52,316. They stated that applying the GAR would result in an annuity payment of approximately £5,231 per year. Phoenix stated that following a review, documentation was issued to all policyholders with a retirement date which fell in 2020 or later. The 2015 letter stated that the review, which had taken place in 2008, resulted in the removal of the GAR in exchange for an enhancement which at that time had been £19,884. The letter confirmed that this enhancement would be recalculated throughout the lifetime of the policy up to normal retirement date. The letter confirmed that upon reaching normal retirement date, the guaranteed basic sum would be available together with accrued bonuses but would also include the relevant recalculated enhancement.

Mr T requested information from Phoenix on a regular basis relating to his pension, and as a result was in regular correspondence with Phoenix between 2021 and 2025. Although the facts are well known to both parties, it is relevant context to include them here;

- 14 May 2021 – Phoenix wrote to Mr T following a request for information and confirmed that the current fund and transfer value was £106,504 which was not guaranteed.
- 26 April 2022 – Phoenix issued a letter to Mr T confirming his retirement options. The current value at 15 April 2024 was stated to be £117,227, and stated that a guaranteed annuity rate or benefit was included. It is noted that as outlined above, the GAR was removed in 2008, however this was exchanged for an enhancement to the fund value at that time.
- 20 July 2023 – following a request, policy details including current and transfer values were sent by Phoenix to Mr T. At that time the current fund and transfer value

was £89,338, with a guarantee stated to be no less than £47,954 at normal retirement age of 65. It outlined the bonuses that had been paid to date, totalling £7,659. The document also confirmed that a GAR had previously been included, however this had been removed in favour of an enhanced fund value.

- 25 September 2023 – Phoenix issued a response to Mr T’s complaint. The complaint points were that Mr T was unhappy with the drop in value of his plan, and that his financial adviser had been told they could not log a complaint on his behalf. The response explained the mechanisms of the with profits policy, and explained the reasons for any falls in the values of the fund. Phoenix stated that having reviewed calls between themselves and Mr T’s adviser, they could not find any instance of them being told the adviser could not make a complaint. Phoenix did not uphold the complaint, but paid a cheque to Mr T for £50 to reflect the trouble or upset caused.
- 10 January 2024, following a request from Mr T, Phoenix wrote to him to confirm that the fund and transfer value was £92,243 at that time.
- 8 February 2024, Phoenix issued a “countdown to your retirement” pack. This included detail relating to Mr T’s pension options, and showed an estimated value of his pension as at the NRD of 15 April 2024 of £90,649. The options pack stated that the plan included guaranteed minimum pension savings, and a final bonus was applicable.
- 13 February 2024, Phoenix responded to a request for information from Mr T’s adviser which had been sent on 6 February 2024. They confirmed that they did not have authority to provide information to them, and requested that they forward a letter of authority signed by Mr T to enable them to do so. On 23 February 2024, in response to the 13 February 2024 request, Phoenix wrote to Mr T directly with the current fund and transfer value which was £93,468 at that time.
- 17 April 2024, Mr T requested the fund and transfer values of his pension. On 22 April 2024 Phoenix wrote to Mr T stating that the current fund value was £94,837.
- 13 June 2024, Phoenix wrote to Mr T following a further request stating that the current fund value and transfer value were £95,452.
- 23 September 2024. Phoenix wrote to Mr T in relation to a complaint made on 2 October 2023. They apologised for the time taken to investigate the complaint. The complaint was that Mr T remained dissatisfied with the explanation in the previous response, and that he could not contact the previous call handler by phone. They apologised that he had been able to contact the previous complaint handler. In relation to the valuation of the policy, they again explained that the policy was invested in the PLL SAL With-Profits Fund fund. Due to the poor service and delay in responding to the complaint, they paid a cheque of £450. This letter confirmed that Mr T had been offered the right to refer his complaint to the Financial Ombudsman Service in relation to the complaint handling, but not for the other complaint due to the time that had passed.
- 24 September 2024, Phoenix wrote to Mr T. They again explained that the policy was invested in the PPL SAL With-Profits Fund with profits fund, and provided a link to information about the investment strategy. The letter confirmed that the investments are gradually reduced in equity and property and moved to fixed interest securities as the normal retirement date approaches. This is to protect policies as they approach retirement and ensures that the pension that can be bought with the policy proceeds remains stable. The letter further explained that as interest rates increased, the value

of fixed interest securities have dropped considerably, which has meant a reduction in fund values, however this conversely meant that annuities became less expensive to buy, so the annuity that can be bought with the policy proceeds should have remained relatively stable. Phoenix confirmed that they had written to Mr T in 2018 to highlight the investment strategy, explaining that it was built on the assumption that an annuity would be purchased at retirement and that the investment strategy may not be suitable if Mr T did not wish to purchase an annuity with the policy proceeds.

- 2 October 2024, Mr T requested a current value and transfer value of his plan.
- 3 October 2024, Phoenix confirmed that the current fund and transfer value was £96,777.

On 24 October 2024, an “annual bonus statement” was sent showing the annual bonus as at 31 December 2023. This showed guaranteed basic benefits at retirement £95,908, previous bonuses of £15318.54, and the current year’s bonus £2224, resulting in a total of £113,451. This document confirms that a final bonus may be added, any final bonus was not guaranteed. I note that these statements do not include anything suggesting a penalty would be applied on transfer.

At this time, Phoenix also sent statements covering 2021, 2022, 2023. All included the same information relating to the retirement date, the fact that a final bonus may be added but was not guaranteed, and did not suggest a penalty would be applied on transfer.

The 31 December 2021 statement shows annual bonus rate applied to Mr T’s plan on 31 December 2021 was 1% of the guaranteed basic benefits and 1% of previous bonuses. The statement states guaranteed basic benefits at retirement were £95,908, previous bonuses of £12,057, the current year’s bonus of £1,079, meaning a total of £109,045.

The 31 December 2022 statement shows annual bonus rate applied to Mr T’s plan on 31 December 2022 was 2% of the guaranteed basic benefits and 2% of previous bonuses. The statement states guaranteed basic benefits at retirement £95,908, previous bonuses of £13,137, the current years bonus £2,180, meaning a total of £111,226.

The 31 December 2023 statement shows annual bonus rate applied to Mr T’s plan on 31 December 2023 was 2% of the guaranteed basic benefits and 2% of previous bonuses. The statement states guaranteed basic benefits at retirement £95,908, previous bonuses of £15318.54, the current years bonus £2,224, meaning a total of £113,451.

On 3 January 2025 Phoenix wrote to Mr T to confirm that the policy had been invested in the SAL With Profits fund and as previously explained, because the policy had reached Normal Retirement Date on 15 April 2024, it had been deferred and was therefore held on deposit and accruing late retirement interest. At that time the rate of interest was Band of England based rate less 0.5%, therefore the current rate being applied was 4.25%.

On 4 March 2025 a transfer pack and immediate retirement pack was requested by Mr T. This was sent on 7 March 2025 including a transfer quote showing the transfer value to be £96,145.

On 10 March 2025 Phoenix wrote to Mr T stating the current fund and transfer value was £98,534.

A retirement quote was sent to Mr T at his request on 11 March 2025. This shows his estimated pension value to be £96,228. The document outlined Mr T’s options in relation to access his pension and confirmed that the value at the illustrated retirement date were not

guaranteed. It stated that a Guaranteed Annual Bonus was included and a final bonus would be applicable, but that there was no early claim charge or market value reduction (MVR) applicable.

On 15 March 2025 Mr T emailed Phoenix. He queried the difference between Guaranteed Minimum Pension (GMP) and Guaranteed Pension fund which had been referenced in his previous documents received, and questions relating to the implications of this for his pension. He also repeated a request for an actuarial calculation of his pension, and whether an MVA or transfer penalty would be applicable.

On 15 March 2025, Mr T submitted a further complaint. He requested confirmation relating to whether there was a guaranteed minimum pension on the policy, and whether the guaranteed pension fund was only available on his retirement date. He also requested information relating to an actuarial calculation for his pension, whether a transfer penalty applied to the policy, whether he could take an annuity with Phoenix and the basis that would be calculated, and whether he could take a 25% tax free lump sum.

On 8 April 2025, Phoenix wrote to Mr T with an explanation relating to the previous statements. They confirmed that Guaranteed Minimum Pension (GMP) is the minimum pension that an occupation pension scheme must provide to employees who were contracted out of the State Earnings Related Pension Scheme (SERPS). Mr T's policy does not include GMP, but it does include a Guaranteed Pension Fund – this is the minimum fund value that would become payable at Normal Retirement Date (NRD).

They explained that the policy was set up on 31 January 1995 with a Guaranteed Sum Assured of £47,954 which would only become payable in full at the NRD (15 April 2024). Annual Bonuses are declared each year on 31 December and once added cannot be taken away. These also become payable in full at the NRD. The total of the Guaranteed Sum Assured and the accrued annual bonuses is referred to as the guaranteed pension fund and is the minimum amount payable at the NRD. Final bonus may also become payable.

The letter states that the original policy reached its NRD on 15 April 2024 with a final fund value of £92,462. This was calculated as;

- Guaranteed Sum Assured - £47,954
- Annual Bonuses - £8,771
- Final Bonus £35,737

The letter also states that the policy is now deferred and held on deposit, so no further bonuses will be applied. The value as at 31 March 2025 was £96,394.

Phoenix apologised for the fact that the recently issued bonus statements for years ending December 2021, 2022 and 2023 showed incorrect details and explained that the incorrect guaranteed pension fund figures had been used therefore the corresponding bonuses were based on an incorrect figure.

On 25 April 2025, Phoenix wrote to Mr T following a call with him on 23 April 2025 to discuss his complaint. His complaint had focused on the incorrect information that had been provided to him in the previous statements, and the fact that he had had to contact Phoenix “repeatedly” to get answers to his queries. The complaint response acknowledged the previous complaints, and the fact that Mr T had been given reasons for the drop in pension value. The complaint response maintained this decision, and additionally explained that the 2021, 2022 and 2023 statements issued showed double the guaranteed basic benefits and accrued benefits. Phoenix apologised to Mr T and a further £210 was paid to him by cheque. On 30 June 2025, Mr T requested another retirement quote. This was sent on 4 July 2025. At this time, the transfer value was £97,346.

On 7 July 2025 Mr T forwarded his complaint to this service. Having carried out an investigation, the investigator concluded that although it is not in dispute that Phoenix sent incorrect values to Mr T, they did not realise their error until 8 April 2025, so there is no evidence of dishonesty in relation to this, although they should have recognised their error sooner. She stated that she did not have evidence to suggest that the error caused Mr T to make decisions about his retirement planning that would otherwise have been different, and concluded that the fund performance experienced by Mr T did not indicate that the fund was being mismanaged.

Mr T did not agree with this. In his correspondence to this service following the investigator's view, Mr T added a number of points. He stated that Phoenix refused to communicate directly with his adviser despite having completed the required documentation to allow the adviser information. He states that Phoenix failed to provide essential details particularly regarding whether early withdrawal penalties would apply.

Mr T has stated that the transfer statement confirmed that an enhancement would be applied upon his 65th birthday in connection with the GAR previously removed, and that had he been aware that Phoenix life intended to alter the transfer value calculation methodology or that the expected enhancement would not apply, he would have transferred in April 2022 when the value was £117,277.

He stated that the delay and subsequent financial loss was caused by Phoenix's failure to provide timely and transparent information regarding early withdrawal penalties and misleading written statements suggesting that an enhancement would apply at age 65. He states that he believes that Phoenix's actions have caused a financial loss exceeding £27,000 and as a result he would consider a payment of 50% of this to be a fair and reasonable resolution.

Because Mr T did not agree with the investigator's view, his complaint has been forwarded to me for a 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.

Having done so, I am in agreement with the investigator, and for broadly the same reasons. I have summarised this complaint in less detail than Mr T has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it – I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Mr T states Phoenix's errors have caused him a financial loss of around £27,000. He states that had he been provided with accurate information relating to the fund value, potential

enhancements at retirement, and early withdrawal penalties, he would have transferred his pension out in April 2022 when the value was £117,277.

Having reviewed the information and documentation issued to Mr T in 2022 and the years previously, I cannot find evidence to support the assertion that Phoenix provided misleading or incorrect information which had a material impact on Mr T's financial decisions.

Incorrect information

Having reviewed the complaints and correspondence between Mr T, Phoenix and this service, I have firstly considered Mr T's complaint point that Phoenix provided him with incorrect information in relation to the value of his policy, and the features applicable to it (such as early retirement penalties or MVRs), and whether these errors were material in the decisions that Mr T has made in relation to his pension at the relevant times.

Although there is evidence of correspondence between Mr T and Phoenix prior to 2021, the majority of the evidence I have been provided commenced at around that time, and because Mr T's concerns are in relation to the performance from 2022, therefore I have focused on events from 2021 onwards.

Between 2021 and 2025, Mr T requested information relating to the current and transfer values of his policy a number of times as outlined above. On each occasion, Phoenix responded by providing these values, on every occasion the current and transfer value matched each other, indicating that there would be no penalty applied on transfer.

Mr T states that by quoting incorrect values, Phoenix have influenced his financial decisions, however I have no evidence that Phoenix quoted incorrect values prior to October 2024 or that the information suggested that a transfer would be impacted by a penalty or reduction. Mr T has indicated his belief that incorrect transfer values were provided in 2021 and 2022, however I have no evidence to indicate that this is the case.

As part of their submissions to this service, Phoenix have provided a series of fund values as follows:

- 31/12/2008 = £13,772
- 19/08/2015 = £66,146
- 23/07/2018 = £81,445
- 15/04/2019 = £93,595
- 15/04/2020 = £101,567
- 15/04/2021 = £106,501
- 15/04/2022 = £117,226
- 15/08/2022 = £107,780
- 15/04/2023 = £102,997
- 15/08/2023 = £89,907

These are consistent with the figures provided by Mr T, and those issued to Mr T by Phoenix when requests were made for fund values and transfer values.

On 26 April 2022, Phoenix issued Mr T with a statement which included a Pension Summary. This showed the intended retirement date (15 April 2024), current pension savings value £117,227, and a table referencing the plans special features, restrictions and conditions. The summary clearly stated "*the above pension savings value is not guaranteed and may be subject to deductions when your pension savings are accessed.*" In relation to Guaranteed Annuity Rate or Benefit included, it stated "yes", however for Guaranteed Minimum Pension – GMP, and whether Early Claim Charge or Market Value Reduction

could apply, it states “no”. I note that on page five of this document, in relation to Guaranteed Annuity Benefits, it states “*Your plan provides a guaranteed yearly annuity benefit, assuming all contributions due have been made*”.

Although this document is inconsistent in relation to the availability of a GAR, it is not unclear relating to early withdrawal penalties or MVR which may apply to the policy.

I acknowledge that the 2021, 2022 and 2023 statements showed incorrect values for Mr T’s pension, both in terms of the guaranteed fund value, and the bonuses applying. There is no dispute that these statements (provided to Mr T in 2024) included incorrect information. Phoenix have confirmed these showed the guaranteed fund value and the bonuses at double the amount they should have been. Phoenix have apologised for this error, and paid Mr T a cheque for £450 in recognition of the trouble and upset caused. I can understand the impact that this would have had on Mr T, and the loss of confidence in Phoenix that would ensue. Due to this error, I am upholding Mr T’s complaint in relation to the incorrect information provided in the 2021, 2022 and 2023 statements issued in 2024.

I have considered whether this incorrect information had a material impact on Mr T’s financial decisions in relation to his pension. Although it is acknowledged that Phoenix made some errors in 2024, I am not persuaded that these caused Mr T to delay transferring in 2022. The evidence indicates that the valuations provided up to and including 2022 were accurate, and Phoenix did not provide information that materially misled him about penalties or enhancements.

Investment performance

In his complaint to Phoenix, Mr T requested a reason for the fall in value, which Phoenix explained in their response. In addition to this, in his response to the investigator’s view, Mr T states that he does not accept the finding that Phoenix took reasonable steps to explain the changes in his transfer values. He states that although he accepts that during the period in question market volatility was experienced due to worldwide market conditions however he states that he believes that this explanation is inconsistent with the fund’s actual performance and that the explanation provided by Phoenix fails basic financial analysis. He also states that Phoenix withheld information. Mr T challenges the reasons stated for the drop in bonus value and references prior ombudsman decisions relating to with profits bonus rates.

In Phoenix’s complaint response, they stated that the policy was invested in the PLL SAL With-Profits Fund and provided a link to documents for Mr T to find further information relating to how the fund is invested.

One of the documents signposted by Phoenix is entitled “*Phoenix Life Limited SAL With-Profits Fund, Understanding with-profits policy performance Your Questions Answered*”. This document explains that payments made into an individual’s policy are called premiums, which are put together with the premiums of other policyholders and invested. These investments may go up or down in value which changes the overall value of the fund. The fund is then used to pay policy benefits to policyholders, as well as covering running costs and tax. It further explains that for a pension, the policy guarantees are increased by annual bonuses which are added over the lifetime of the policy, to which a final bonus may be added when the policy ends.

The document explains the bonuses that are added, which are comprised of annual and final bonuses. It states that Phoenix aims to pay all policyholders their fair share of the profits the fund has earned over the time they’ve held their policy. Annual bonuses aim to increase the

policy's guaranteed benefits over time, which is done by adding an annual bonus each year. Once added, these cannot be taken away and are guaranteed to be paid at the end of the policy. In addition to this, a final bonus may be added when the policy ends. By their very nature, with profits funds have to hold some money back to smooth out the returns for policyholders when the markets may be depressed in the future.

When deciding whether bonuses can be paid, Phoenix consider what is known as the build up of premiums – this is made up of a number of factors including the fund's investment return, their running costs, tax, shareholders share of profits, charges for death benefits and guarantees benefits, and distribution of "surplus money". The surplus money in the money in the fund which exceeds what is expected to be paid out in claims. Some of this is retained to protect the fund against unexpected shocks however the remainder increases the bonuses paid.

Mr T believes that Phoenix have mis-managed the investments, however I have no evidence to suggest that this is the case. Whilst I can consider complaints about investment performance, in most instances I would need to see that Phoenix have done something wrong and can't rely on actual or perceived poor performance. Whilst I appreciate Mr T is likely to be disappointed by my decision, the level and nature of bonuses declared by Phoenix on its with profits fund is the result of a commercial decision taken by them acting on the advice of its Actuaries, which impacts all policyholders invested in that fund. As a result, it is not within the remit of this service to either sense check Phoenix's decisions or scrutinize their calculations.

However, I think it's worth explaining more about with profits funds and how they are regulated. With profits funds have historically attracted criticism for their complexity and perceived lack of transparency. But this does not mean that Phoenix has done something wrong or is not acting in accordance with its regulatory obligations. Phoenix is accountable to the regulator (the Financial Conduct Authority (FCA)) for the way in which it operates its with profits funds and the regulator monitors the management of with profits funds.

Businesses are required to appoint a with profits Actuary and the regulator provides rules and guidance on their duties. An independent with profits committee is also required – its remit is to protect the interests of the with profits policyholders and to ensure they are treated fairly. I am not aware of the regulator having any concerns about the operation of the Phoenix with profits fund in which Mr T was invested.

From 2004 the regulator has required all insurers to publish a Principles and Practices of Financial Management (PPFM) document. I've checked and this is available on Phoenix's website. It explains the steps Phoenix are taking in managing the returns within Mr T's fund and how these are allocated, fund values and bonus declarations and how these are set. It further explains the investment strategy and the aims within the fund, along with the approximate asset allocation and how this changes as the term remaining of someone's policy reduces.

The above factors have an impact on the value of an individual's overall value, meaning that a with profits fund does not provide investment performance in line with equities, nor does it follow that the investment performance of the total with profits fund itself will match the performance of individual's current and transfer values.

It is for this reason that the investment fluctuations experienced by Mr T do not directly correlate with the performance figures he has referenced within his correspondence, or wider markets as a whole. It is important to note that the transfer value has never fallen below the total of the guaranteed pension fund and accrued bonuses at any point. Phoenix

have consistently included statements confirming that the total value of Mr T's fund was not guaranteed.

I have been provided with the original plan documents outlining the benefits under Mr T's plan. This states that the guaranteed basic sum was £47,954, with a normal retirement date of 15 April 2024. It states that a guaranteed annuity rate was applicable (it is acknowledged that this was later removed due to a High Court approved scheme (the 2009 scheme), where the guarantees were removed in exchange for an increase in the value of policies). The plan was originally Sun Alliance, and was set up as part of a bulk transfer in respect of pension benefits from a former employment.

I have been provided with a confirmation letter confirming this. Dated 1 February 1995, it states that the guaranteed sum of £47,954 was payable at Mr T's 65th birthday. In relation to what the benefits at retirement could be, this shows that at age 65, the transfer value might be £77,500.

Mr T believes that the GPV is no longer being applied, however this is not the case. The guaranteed minimum pension amount still applies. It should be noted that since Mr T's retirement date of April 2024, it has been invested in cash, with deposit interest being added. I understand that Mr T is in the process of transferring his pension.

He says that the 2021 and 2022 transfer values indicated that the policy had a Guaranteed Policy Value (GPV) however from 2023 onwards the transfer values appeared to show that they policy no longer had a GPV, resulting in a significant decline of approximately 23% in value. I have been provided with no evidence suggesting that the guarantees under the policy are no longer applicable and do not uphold this element of Mr T's complaint.

Confusing/Inconsistent terminology

Mr T states that his financial decisions were influenced by misleading and inconsistent terminology without defining the differences. He states *"as a layperson, I had every reason to believe my policy had a guaranteed minimum value which offered downside protection and potential for upside. This lack of transparency has materially misled me"*.

I have considered whether the information provided can reasonably be considered to be misleading and I am not satisfied that it can. Mr T is absolutely correct that his fund had a minimum fund value (of £47,954), which offered him a level of protection. As outlined above, the way that his pension worked was that annual bonuses could be added, and once added, these cannot be removed. In addition to this, a terminal bonus could be added, which could not be calculated until the policy was ended. I have not seen anything to suggest that at any time Mr T's value has fallen below the value of the guaranteed minimum plus accrued bonuses.

Mr T says he found the information provided by Phoenix confusing and difficult to understand as a layperson. However, he also explains that he was being supported by a financial adviser throughout this period. Given that, I would have expected his adviser to be able to interpret the information provided and explain any areas of uncertainty to him. Mr T has stated throughout his correspondence that his decisions in relation to his pension were being made with the support of a financial adviser. He further states that Phoenix failed to provide clear information regarding the applicability of early withdrawal penalties when requested. Mr T states that as a direct consequence, his financial adviser recommended delaying any transfer which materially affected his ability to make informed decisions about his pension arrangements.

I note that much of the information provided to Mr T and his adviser in relation to the fund and transfer values was provided following the adviser's requests. In addition to the summaries

and statements showing that there were no early withdrawal penalties or MVRs applying, the emails received also showed the “*current value*” of the pension fund and the “*transfer value*” to be the same. This provides further confirmation that there would be no penalty applying on transfer at the time each value was obtained. I am satisfied that there is no scope for confusion within this to indicate that an MVR may have been applicable. I therefore do not agree that the evidence demonstrates Phoenix provided unclear information about early withdrawal penalties.

Mr T has stated that he and his adviser relied on the transfer values provided by Phoenix, and had he known the figures provided by Phoenix in 2021 and 2022 were inaccurate or that they would change significantly due to a shift in Phoenix’s internal valuation methodology, he would have taken different action.

I have not been provided with any evidence to suggest that the information provided to Mr T prior to 2024 was incorrect, or that the valuation methodology has changed. As Phoenix have explained, Mr T’s fund value was impacted by a number of factors. These included the fact that as he approached the normal retirement date of the scheme, the level of equities and property is gradually reduced, and moved to fixed interest securities. Throughout the term to retirement, Mr T’s pension plan included a guaranteed minimum pension value at retirement, plus accrued bonuses and a terminal value.

It is important to bear in mind that the investment strategy was built on the assumption that an annuity will be purchased at retirement. As interest rates rise, the value of fixed interest securities drops, which although it means a reduction in fund values, also results in annuities becoming less expensive to buy. Therefore the amount of the annuity that can be purchased remains relatively stable. I note that Phoenix have stated that they wrote to Mr T in 2018, highlighting the investment strategy and confirming that it may not be suitable if he did not wish to purchase an annuity. I have not been provided with any evidence stating that Mr T contacted Phoenix in respect of this at that or any other time. The information provided to Mr T confirmed that the fund value was not guaranteed (more than the guaranteed fund value). I therefore do not uphold this element of Mr T’s complaint, that misleading or unclear information had a material impact on his financial decisions.

Mr T has stated that he is worried that other people will be in the same boat but unaware of the issues. This service looks to resolve individual complaints therefore I cannot comment on whether any issues experienced by Mr T may have affected other customers.

Putting things right

Phoenix have already paid to Mr T cheques totaling £710, although I understand that he has not cashed these. This is in line with the amount that this service would have instructed them to pay for an error such as this, and although I request that they honour these payments (it may be that new cheques are needed due to the time that has elapsed), I will not be asking Phoenix to do anything further.

My final decision

I uphold Mr T’s complaint against Phoenix Life Limited. They should honour the payment of £710 to Mr T as above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr T to accept or reject my decision before 10 April 2026.

Joanne Molloy

Ombudsman