

The complaint

Mrs L is unhappy with the amount of time taken by Phoenix Life Limited (Phoenix) to pay out the death benefits of her late husband's pension. She's put in a considerable amount of time and energy chasing this up which has taken a toll on her health. She was also given contradictory information regarding whether the annuity payments would be subject to income tax.

What happened

I don't think there's any dispute about what happened, so I've adopted here the timeline the investigator set out in her view.

21 March 2025: Mrs L informed Phoenix that her husband had passed away (in August 1999).

24 March 2025: Phoenix issued a claim form to Mrs L.

3 April 2025: Phoenix received the completed form from Mrs L.

22 April 2025 to 7 May 2025: Mrs L called Phoenix several times for updates.

27 May 2025: An option form was sent to Mrs L.

29 May 2025: Phoenix called Mrs L to discuss her options and also emailed the option form to her.

30 May 2025: Mrs L contacted Phoenix to ask how much her backdated annuity would be if she proceeded with that option.

23 June 2025: Mrs L chased Phoenix for a response to her previous query.

26 June 2025: Phoenix returned her call.

4 July 2025: Phoenix issued a personalised annuity quote to Mrs L.

11 July 2025: Mrs L called Phoenix to discuss the quote and query why the instalments would be subject to tax when she'd been told otherwise.

15 August 2025: Phoenix wrote to Mrs L clarifying the tax position. Mrs L filed a formal complaint with Phoenix.

1 September 2025: Phoenix issued its final response. It agreed that it caused delays when Mrs L had tried to claim her benefits and that it gave incorrect information relating to tax. It offered Mrs L £250 compensation by way of an apology.

The investigator's view was that the £250 should be increased by £100, so Phoenix should pay Mrs L £350.

Phoenix accepted the investigator's recommendation.

Mrs L was disappointed. There were further exchanges with the investigator. Mrs L said there'd been several complaints. £350 equated to around 26 hours minimum wage and she'd spent more time than that on the matter. Her professional hourly rate was significantly more. Mrs L didn't think the award reflected the continual mishandling, misinformation or time spent. After Phoenix had offered compensation of £250, its service didn't improve.

The investigator considered Mrs L's comments but she still thought £350 was fair compensation. She forwarded a link to our website which explained our approach to compensation for distress and inconvenience.

Mrs L remained unhappy. Phoenix had paid compensation of £250 but, when the service didn't improve, she'd contacted us. It hadn't been made clear that any compensation she'd got herself would be deducted from anything we awarded. She'd thought our involvement would highlight to Phoenix that its practices required improvement. But things hadn't changed. She also said Phoenix hadn't provided any explanation as to why she'd had to endure what she did.

The investigator explained that punishing a business wasn't part of our role as an impartial complaints handling service. We're not the regulator and Mrs L could raise any regulatory issues with the Financial Conduct Authority (FCA) if she wanted. Our awards were modest and the investigator thought the award was in line with the guidance she'd forwarded.

Mrs L felt, having read the guidance, that her case warranted more compensation. She didn't think what Phoenix had already paid should've been deducted, given she'd only contacted us because the situation hadn't improved and the lengthy call wait times, unreturned calls and chasing for information had continued. She said Phoenix was aware of the distress it was causing but did nothing to mitigate that after acknowledging its failings.

As agreement couldn't be reached the complaint has been referred to me to decide.

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.

There were several delays in dealing with the matter. For example, between 3 April 2025, when Mrs L returned her completed claim form to Phoenix, and 27 May 2025 when the options form was sent to her. And from 30 May 2025, when Mrs L asked how much her annuity would be, to 4 July 2025, when a personalised illustration was issued to her. There was also a delay from 11 July 2025 to 15 August 2025 in dealing with Mrs L's tax query. I understand that Phoenix has backdated Mrs L's annuity to ensure she hasn't suffered any financial loss.

Where, as here, the business accepts that it didn't deal with things as it should've and has offered or paid compensation, we'll consider if the compensation is in line with what we'd have awarded. Here I agree with what the investigator has said and with the reasons she gave as to why she considered £350 is fair compensation. I know Mrs L will be disappointed. But, as the investigator has said, our awards are perhaps more modest than Mrs L might expect. £350 is within the range I'd expect in a case such as this.

I don't have much to add to what the investigator has said about our approach to compensation for distress and inconvenience. The investigator referred Mrs L to what we say on our website. I don't want to repeat all that here. But we say that we'll look at the overall impact a business's mistake has had.

Mrs L has been caused distress. Although her husband died some years ago, I note, and sympathise with, what she's said about not wanting to have to keep reliving what was a distressing time. As well as considering any distress that's been caused, we'll take into account the time spent trying to sort things out. Mrs L has pointed to the hours she's spent and worked out how the compensation compares with her professional hourly rate. But, as we say on our website, we wouldn't usually approach things from the basis of what someone's hourly rate at work might be. Instead, we'll take into account the time spent dealing with the matter as part of the overall inconvenience that's been suffered.

In broad terms, I agree the situation here is one where Phoenix's poor handling of the matter has caused considerable distress, upset and worry, as well as significant inconvenience and time and effort to sort out. So an award of over £300 and up to around £750 would be appropriate. I know that's quite a range and £350 is at the lower end but nevertheless I think it's appropriate here.

I think Mrs L's expectation was that any award we might make should be in addition to any compensation that Phoenix had already offered. But, again, we take more of an overview and we'll take into account any compensation that's been offered by the business in deciding what's fair and reasonable overall. Businesses are encouraged, where it's clear that something has gone wrong, to try to proactively settle a complaint. In some cases we might say that what's already been offered is fair and so the business won't need to do any more. Here, the investigator considered that £250 wasn't sufficient, hence she recommended an uplift, to which Phoenix agreed.

It's disappointing if Mrs L's experience is that Phoenix hasn't learned from errors it made in dealing with her and if there have been further instances of poor service. As the investigator has said, it might be open to Mrs L to raise a further complaint about any issues that have arisen later and which didn't form part of her original complaint. We of course hope that businesses will learn from the complaints they receive and tackle any wider issues that a complaint might highlight. But we deal with individual complaints. We don't have any powers to require a business to alter its processes and practices generally. I think Mrs L would also like an explanation as to why things weren't progressed as they should've been. An explanation can help a consumer understand and move on. As well as prompt a business to think about if the same could happen in other cases and, if so, take steps to try to make sure that it doesn't. But sometimes, particularly if it's human error or oversight, it won't always be possible to pinpoint exactly what went wrong and if it might happen again.

I know that Mrs L is likely to find what I've said disappointing. But, for the reasons I've explained, Phoenix should pay a total of £350 compensation to Mrs L.

My final decision

I uphold the complaint. Phoenix Life Limited should pay Mrs L £350 (less any sums already paid) as compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 13 April 2026.

Lesley Stead
Ombudsman