Financial Ombudsman Service

complaint

Mr C has complained that Phoenix Life Assurance Limited (Phoenix) won't pay his pension benefits from his Section 32 plan at age 60.

background

Mr C was a member of his employer's pension. In 1988, he transferred his pension benefits to a Section 32 plan with Phoenix. This included a guaranteed minimum pension (GMP).

Mr C complained to Phoenix in January 2015 when he was told that they wouldn't pay the benefits from his Section 32 plan at age 60 – his normal retirement date. Phoenix said that Mr C's fund wasn't sufficient to meet the GMP at age 60. They referred to the policy documents which they said made clear that, in these circumstances, the GMP would be payable at age 65, the State Pension Age (SPA).

Mr C was unhappy with this. He referred to documents that had been issued to him by Phoenix which he felt showed that Phoenix had guaranteed to provide benefits at age 60. He said that Phoenix had placed his funds in a "non-profit" account to make sure that the GMP would be paid to him at 60.

I issued a provisional decision in this matter in November 2015. I explained that I intended to make a final decision agreeing with Mr C. In summary, I thought the policy documents were unclear and didn't appear to limit Mr C's benefits in the way Phoenix alleged. I didn't agree that the documents showed that Mr C could only receive pension benefits at age 60 if his fund was large enough to meet the GMP. Instead, I believed that the documents showed that Phoenix had committed to paying Mr C a pension from age 60.

I also set out that I thought that Phoenix later sent Mr C documents which led him to believe that he would receive the full GMP amount from age 60.

Mr C accepted my provisional decision. Phoenix sent me submissions explaining why they felt that the policy documents did set out that the GMP could be restricted. However, they agreed to honour the GMP at age 60 based on the misleading information subsequently sent to Mr C in 1999. They also agreed to pay Mr C £500 for his trouble and upset.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've noted Phoenix's points about why they feel the policy documents allow them to restrict the GMP to SPA. But, given that they have now agreed to pay Mr C the GMP from age 60, I don't need to make a finding on this matter to resolve Mr C's complaint.

my final decision

I uphold Mr C's complaint. Phoenix Life Assurance Limited must pay Mr C his GMP from age 60. They should also pay Mr C a further £500 for the trouble and upset caused to him by the uncertainty surrounding his pension.

Under our rules, I'm required to ask Mr C to accept or reject my decision before 15 February 2016.

Abdul Hafez
ombudsman