

The complaint

Mr G complains that Wesleyan Assurance Society (Wesleyan) provided him with poor service for his Flexible Access Drawdown (FAD) pension account. He also made the following complaint points:

- Wesleyan had incorrectly switched his funds to a lower risk fund without his permission.
- Wesleyan had taken excessive fees and charges from his pension over the last year.
- He was very unhappy with his pension's performance since 2022.

What happened

Mr G has a FAD pension with Wesleyan. I understand that he invested this in the With Profits (WP) fund and had done so since he first took out his pension on 31 July 2018.

Wesleyan switched Mr G's fund to the Risk Averse Fund on 26 March 2023 in error.

Mr G complained to Wesleyan on 23 August 2023. He was also unhappy with the service. And said the charges were too high. He said he didn't know what a particular charge of £91.65 for "other recurring charges" was for, so wanted it back. He also wanted to understand exactly what the £538 management fee he'd been charged was for.

Mr G called Wesleyan again on 24 August 2023 as he wanted to speak to an adviser about potentially changing his policy to a better one with Wesleyan. He said he was concerned about tax. And that he didn't want to pay a transfer fee.

Wesleyan established that it had switched Mr G's fund in error in the days following his complaint call. It spoke to Mr G on 29 August 2023 to tell him it would switch his pension back to the WP fund. It also said it would get a breakdown of charges to him.

Mr G added to his complaint when he called Wesleyan on 30 August 2023. He said he wasn't told when he started that his policy would be automatically switched to a deposit fund.

Wesleyan investigated whether Mr G had lost out because of its error. It also switched Mr G's funds back to the day after the original switch. It wrote to Mr G to explain what it'd done. Wesleyan said that Mr G hadn't lost out financially because of the error.

Mr G spoke to Wesleyan again on 18 September 2023. He felt he'd lost money because of its mistake.

Wesleyan requested further fund value information from its actuarial team so that it could confirm that Mr G hadn't lost out.

Mr G also queried the performance on his pension. He said his 2023 statement showed that his fund had grown by £18.79.

Mr G called Wesleyan to tell it he wanted to withdraw his money from his pension.

On 11 October 2023, Wesleyan called Mr G. He said he'd lost trust with it and wasn't happy with all the charges he'd paid. He asked for a refund. Mr G also said that he was looking to take the money from his pension and invest it in a bond with his bank.

Wesleyan told Mr G that he wouldn't be able to transfer his FAD, but he could encash the policy. It also tried to explain to Mr G that if he encashed his pension, he would be taxed. Wesleyan felt that Mr G hadn't understood why he would be taxed as he'd previously been told by HMRC that he wouldn't be taxed if he moved the money to a bond. Wesleyan felt that HMRC had actually told him he wouldn't be taxed for transferring, which wasn't a possibility in this case.

Wesleyan called Mr G again. During this call, it incorrectly told him he wouldn't be able to transfer out the policy because it was in a FAD. Mr G was unhappy about this as he said he hadn't been told that if he went into a FAD he wouldn't be able to transfer out. He felt he'd been mis-sold the policy.

Wesleyan sent Mr G the breakdown of charges he'd requested. This stated that the £91.65 Mr G had queried was for dealing costs. And that these were: *"the costs incurred when buying and selling assets within the fund. These costs are made up of broker commissions, taxes, levies and expenses"*.

The letter also stated that the £538.31 annual management charge covered the costs of managing the account and investments.

Wesleyan issued its final response to the complaints on 23 October 2023. It didn't think it was responsible for the poor performance of Mr G's plan. And it felt that the fees had been fairly taken. But it acknowledged that it had switched Mr G's funds in error. It provided calculations which showed that Mr G hadn't been financially disadvantaged by its error.

Wesleyan upheld Mr G's complaint about the service he'd received. It acknowledged that it must've been frustrating for him to have had to contact different teams on many occasions to get information. It also apologised for providing him with incorrect information about whether he could transfer. And confirmed that he could transfer his pension as long as he could find a provider who was willing to take it.

Wesleyan offered Mr G £150 as an apology for the poor service, the incorrect transfer information and the switch error.

Mr G wasn't happy with Wesleyan's response. So he brought his complaint to this service.

Our investigator felt that Wesleyan had already taken reasonable steps to put things right.

Mr G didn't agree with our investigator. He didn't think that Wesleyan had done enough to put things right. He felt that the compensation offered was too low and that the fees he'd paid were unfair and outside of his agreement.

As agreement couldn't be reached, the complaint has come to me for a review.

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'm not going to uphold it. I know this will be disappointing for Mr G. I'll explain the reasons for my decision.

I first considered whether there's any evidence that the fees weren't fairly taken.

Fees

Mr G thinks the fees Wesleyan has charged for his pension are too high. He asked it to explain what the charge of £91.65 was for. He also wanted to understand what the £538.31 management fee covered. He's unhappy that the fees charged were considerably more than the growth in his pension over the same period.

Mr G told our investigator that he couldn't understand why she wasn't asking Wesleyan to refund the fees as he felt there was no proof he agreed to them.

Wesleyan sent Mr G a fee breakdown which explained that the £91.65 was for dealing charges including costs such as taxes and levies. It also said that the £538.31 annual management charge covered the costs of managing the pension and its investments. Wesleyan further explained in its final response letter that the £538.31 wasn't an explicit charge to the policyholder, but a reduction in investment return on the assets.

I've not been provided with any evidence that the fees are incorrect. Both charges appear to be in line with the terms and conditions of Mr G's pension. They also look consistent with what I'd expect to see for a pension policy of this type.

I understand why Mr G is unhappy that the total fees charged were significantly more than the growth in his pension over the same period. But the fees are needed to cover the costs outlined above whether the pension is performing well or not.

I acknowledge that Mr G feels that there's no proof that he agreed to the fees, but I can't fairly agree. As I noted earlier, the fees are consistent with what other providers charge for similar policies. And, as I've outlined above, Wesleyan has to charge fees so it can service the policies and manage the investments.

As I've found no evidence that the fees have been unfairly or incorrectly charged, I can't reasonably ask Wesleyan to refund them.

I next considered the fund performance.

Fund performance

Mr G is unhappy with the low growth in his pension between 2022 and 2023.

In its final response to Mr G, Wesleyan explained why it felt the fund hadn't performed well. It said that there had been volatile market conditions and unpredictable global events that had a negative impact on the markets and were outside of its control.

While I'm sorry that Mr G's pension didn't perform as well as he'd hoped, I've not found any evidence that the performance was caused by any failures on Wesleyan's part.

I next considered the incorrect fund switch.

Fund switch

Wesleyan has acknowledged that it made a mistake when it switched Mr G's fund to the Risk Averse Fund on 26 March 2023. It said its system had carried out an automatic fund

switch that its reporting system had failed to stop. And it hadn't become aware of the error until Mr G had picked it up.

As our investigator noted, when a consumer brings a complaint to this service, we aim to ensure they haven't been financially disadvantaged by a business's error. So we ask the business to carry out a loss assessment. But Wesleyan has already done this. It's calculations showed that Mr G was actually slightly better off because of the error. Wesleyan also ensured that Mr G's funds were switched back into the correct fund.

Therefore I agree with our investigator that Wesleyan has taken reasonable steps to put its error right.

I will however consider the distress and inconvenience the error caused Mr G in the next part of my decision.

I finally considered the service issues related to this complaint.

Service issues, leading to distress and inconvenience

Wesleyan acknowledged that it'd provided Mr G with poor service and had given him incorrect transfer information; and that it had made the switch error. For all of these things, it apologised and offered Mr G £150 compensation.

I first considered the incorrect transfer information that Wesleyan provided.

From what I can see, Wesleyan initially told Mr G that he wouldn't be able to transfer his pension in order to buy a bond with his bank, but he could encash the policy. This was correct. But then when Wesleyan spoke to Mr G again about the situation, it told him that as he had a FAD with the funds already crystallised, he wouldn't be able to transfer out.

Wesleyan acknowledged that it'd given Mr G incorrect information about transferring out in its final response letter less than two weeks after the incorrect information had been given.

In my view, the evidence shows that although Mr G was given incorrect information, and this led him to believe he'd been miss-sold his policy, the error was corrected very quickly. I've seen no evidence of any financial loss. But I can see that the incorrect information would've been concerning for Mr G.

I next considered the distress and inconvenience caused by the switch error.

From what I understand, Mr G identified this issue in late August 2023. The evidence shows that Wesleyan then took reasonable steps to work out what had happened and what should've happened. It quickly told Mr G that it had made a mistake and that it would put him back to where he should be. And switched him back to his correct fund on 8 September 2023.

I acknowledge that it would've been concerning for Mr G to find out he was invested in a fund he hadn't chosen. But as Wesleyan put things right very quickly, I consider that Mr G wouldn't have been concerned for a long period of time.

Regarding service issues, Wesleyan acknowledged that it must've been frustrating for Mr G to need to contact different teams on many occasions to get information.

I understand that Mr G doesn't consider Wesleyan's £150 compensation offer to be enough for the incorrect information, the switch error and the service issues. But, having carefully

considered the impact the errors and service issues have caused Mr G, and what this service would've been likely to require Wesleyan to pay him in the absence of any offer, I'm satisfied that £150 is fair.

I say this because of the short time period Mr G was affected by the errors and the poor service. And because he made a small financial gain from the switch error. I also say this because I understand from Mr G's testimony that the incorrect transfer information didn't actually affect his plans.

Overall, I don't uphold this complaint. I'm satisfied that Wesleyan has already taken reasonable steps to put things right.

My final decision

For the reasons explained above, I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 4 April 2024.

Jo Occleshaw
Ombudsman