

The complaint

Mr W complained that Zurich Assurance Limited (Zurich) did not provide him with accurate information about charges to his pension plan in a timely manner.

He would like to be compensated for any financial loss he may have suffered.

What happened

Mr W took out a personal pension policy with Zurich in May 1988, with a selected retirement age (SRA) of 60. As his SRA was approaching, he made contact with Zurich to better understand his options.

On 10 May 2023 Mr W called Zurich to ask if it was possible to wait until the value of his policy reached a set value and then take the benefits.

Zurich confirmed that this wasn't possible, and it explained to Mr W that the funds his policy was invested in that were priced each day on the value of the underlying assets. This meant that the value of his benefits fluctuated on a daily basis and that the final value he would receive would be dependent on the value of the assets the day the sale was processed. It also confirmed in the call that it would not be possible for him to submit a claim form and have Zurich wait until the value he desired was reached before processing the claim.

Mr W explained that he intended to take 25% of his benefits as tax free cash and use the remainder to purchase an annuity. Zurich explained the necessary retirement risk warnings and confirmed it would issue the forms Mr W needed to make a claim.

Mr W also asked Zurich when charges would be deducted from his pension policy. This information was not readily available, so Zurich undertook to confirm this to him in writing within five working days.

An open market option pack which detailed Mr W's options for taking his benefits was issued on 16 May 2023 and Zurich confirmed the details of the policy charges to Mr W on 18 May 2023.

Mr W contacted Zurich on 18 May 2023 and raised a complaint about aspects of the call he had made to Zurich on 10 May.

Zurich contacted Mr W on 24 May 2023 to discuss his complaint and confirm the points he wished to include in it. He said that he was unhappy that Zurich could not answer all of his questions during the call and with the time it took to provide the information by post.

During the call Mr W also stated that he was considering transferring his benefits to a SIPP, and Zurich undertook to send him the necessary forms as well as confirming that it would email him to confirm how the fund charge was taken.

Zurich sent Mr W an email the same day detailing the fund charges and how these were deducted from the plan. Mr W was not happy with the information he had been sent and contacted Zurich again on 26 May to raise this issue as part of his complaint.

Mr W subsequently transferred his policy benefits to another provider on 19 June 2023.

Zurich responded to Mr W's complaint on 29 June 2023. It explained that it is the *remit* [of the telephone consultants] *is to answer simple queries as far as they are able, and if more complex information is required, they will refer these requests to our back office for a written response to be provided.*

It also explained that:

the fund charges are deducted from the fund as a whole (and relate to the running of the fund) and not from your plan and are reflected in the daily fund prices and are already accounted for within the published fund prices, rather than being deducted explicitly from the plan. I have enclosed the fund factsheet which applies to your plan for your ease. The charges are integral to the terms and conditions of this plan and were explained within the literature you had when you started this plan.

Zurich apologised to Mr W and arranged for £75 to be sent to him in respect of the trouble and upset it had caused him along with £10 for his telephone costs.

Mr W was unhappy with this response and brought it to this service. He said he thought the compensation he had been given was inadequate, and that he may have suffered a financial loss by transferring his benefits to the other provider. He stated that he felt that if Zurich had provided him with the correct information about the fund charges he may have remained in the plan with Zurich rather than transfer his benefits, so he felt Zurich is responsible for any loss he has suffered.

Our investigator reviewed the evidence in this case and formed the view that Zurich had not caused Mr W a financial loss and that the compensation it had paid him was appropriate in the circumstances. Mr W remained unhappy, so the case has been passed to me to make 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.

I've carefully reviewed all the evidence in this case, and I agree with our investigator and do not uphold this complaint.

Having said that, I can appreciate that this will be disappointing to Mr W, so I will explain how I have reached my decision.

Firstly, I think it's important to reflect upon the role of this service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly.

In this case, the key issue is that Mr W believes that the failure of Zurich to provide him with the information he required relating to fund charges led to him transferring his benefits to a new provider, rather than any of the other options that were open to him, including leaving his benefits to continue to accrue in his existing policy.

I've thought carefully about this, but I cannot agree with him.

The Financial Conduct Authority (FCA) that regulates Zurich has laid down principles that it must follow. I think the most pertinent principle that applies here relates to communications with clients. It says

A firm must 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.

Importantly, it does not state that this information needs to be made available to clients instantly, nor give any specific timescales. Zurich undertook to provide this information within five working days of Mr W's request, and this is a common standard throughout the industry, so I can't see that it did anything wrong in terms of not being able to provide the information during the call. Although the information took six, rather than five working days to reach Mr W, I can't see that this delay would be significant in the circumstances of this complaint.

In terms of Zurich not offering to process Mr W's claim at a specified value, I also find that it has done nothing wrong in this regard. For the operational reasons it explained, it is not possible to provide a guaranteed value to unit linked policies, as the value fluctuates on a daily basis.

As our investigator explained, providers normally use the date they receive all of their information requirements as the date a claim is processed. As it cannot anticipate when all the requirements for a transfer or crystallisation of pension benefits will be met, it is not possible to guarantee that the value would not change after forms were issued.

The final element of Mr W's complaint is that he may have suffered a financial loss owing to Zurich's inability to provide him with the information he required during the call.

Again, I cannot see that Zurich was responsible for Mr W's decision to transfer his benefits to a new provider. Even though Zurich did not provide Mr W with the information he wanted during the call on 10 May 2023, it did provide it to him before he transferred his benefits to the new provider. Given this, I'm satisfied that he had the information he wanted before he made his decision to transfer and I can't see that Zurich did anything wrong here either.

I have reached this conclusion as although Mr W's SRA had been reached, there was no time constraint in him making a decision about which option to take, including leaving the funds invested to hopefully benefit from further investment growth. Whilst I appreciate Mr W's contention that he felt that he did not fully understand the fund charging information that had been sent to him, and so was unsure of the costs for leaving his funds invested, I can't agree that this means that Zurich is responsible for his decision to transfer his benefits.

In conclusion, I think that the compensation Zurich has to Mr W is fair and reasonable in the circumstances of this case and I won't ask them to increase this amount.

So for the reasons I have explained, I do not uphold Mr W's complaint and won't be asking Zurich to do anything more than it has already done to resolve this complaint.

My final decision

For the reasons explained above, I do not uphold Mr W's complaint.

The Zurich Assurance Limited does not need to do any more than it has already done to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or

reject my decision before 19 June 2024.

Bill Catchpole
Ombudsman