

## The complaint

Mr C complains about the poor service provided by Phoenix Life Limited after he enquired about accessing his pension. The value of the pension subsequently fell significantly, and Mr C considers he would have received a higher value had it not been for the firm's failings.

## What happened

Mr C's complaint was considered by one of our investigators. He issued his assessment of it to both parties on 14 May 2024. The background and circumstances to the complaint were set out in that assessment. However to recap, Mr C was approaching the normal retirement date for his pension, and the firm sent him a retirement options pack in July 2021. It sent a further letter to Mr C in November 2021 headed 'Countdown to your retirement'. This said Mr C would need to contact Phoenix Life when he had decided what to do with his pension or if he needed additional help. The letter said if Phoenix Life didn't receive an instruction from Mr C by the planned retirement date, it would assume that he wasn't taking his benefits at that time.

The investigator said he could see that during early 2022 Mr C used the online portal to request information including the forms to access his pension, but noted Mr C had said he hadn't received them. Phoenix Life had said information had been provided, but that Mr C needed to contact it to discuss what options he wanted to take before the relevant forms could be sent.

In June 2022 Mr C notified Phoenix Life he had changed address from the UK address he had been using and which Phoenix Life had on file, to his address overseas where he was then living.

Mr C complained to Phoenix Life in November 2023. Phoenix Life said the reason the fund had fallen in value was because of the sharp increase in interest rates. It apologised for Mr C having some difficulty in contacting it, and that some forms hadn't been issued at the first time of asking. It also said in one instance it had sent information to Mr C's old address. It said it would arrange to pay £200 to Mr C for the trouble and upset caused. However it didn't uphold the main part of his complaint about it causing the loss in the value of the pension from the original retirement date to when Mr C made his complaint.

Mr C referred his complaint to us. Phoenix Life subsequently offered another £100 for not addressing some of the points Mr C had originally raised when making his complaint.

Our investigator didn't recommend that Mr C's complaint should be upheld. He said, in summary, that the retirement date had been changed to 2027 because Mr C hadn't taken the benefits from his pension. He said this didn't have any material effect on the pension itself or when Mr C could take it.

The investigator thought that, on the balance of probabilities, it was likely that the August 2022 statement had been sent to Mr C, albeit it may have been lost in the post. And he said given the statements were sent annually, he thought it reasonable to have expected Mr C to have contacted Phoenix Life to request the statement if it hadn't been received after a

certain period.

The investigator said the fall in the value of the pension was due to changes in economic conditions during the period between Mr C's original retirement date and when he subsequently decided to take the benefits from his pension. He said an annual plan update was sent to Mr C in August 2017, and this explained Mr C was in a lifestyle strategy and set out the advantages and disadvantages of it. And Phoenix Life had sent a letter to Mr C in November 2018 which was headed 'IMPORTANT – This letter requires you to take action. Is the lifestyle option still right for you?' The investigator said the purpose of the letter was to draw Mr C's attention to the fact that the lifestyle switching had begun as per the lifestyle strategy. And provide details of it including what funds would be used for investment purposes. The letter encouraged Mr C to review whether the lifestyle strategy was still appropriate for his circumstances, and provided details of how to change his options if he wanted to.

The investigator said investment performance was dependent on a number of external factors which were outside the control of the fund manager. And so no guarantees were given. The investigator said that lifestyle strategies typically initially invested for growth, but switched to lower risk funds nearer to retirement age – such as gilts and corporate bonds. He said these were traditionally seen as safer than equities, however that during the relevant period here interest rates had increased significantly from 0.1% to 5.25%, and this had had a negative impact on the value of Mr C's pension. The investigator said although he understood why the significant fall in the value of the pension and in a relatively short period of time would have come as a shock to Mr C, he didn't think the fall was due to something that Phoenix Life had done wrong.

Overall, he thought the £300 offered by Phoenix Life for its service failings was fair and reasonable in the circumstances.

Mr C didn't accept the investigators finding's. He said he didn't think the firm had sent the August 2022 statement, and so he wasn't aware of the falling value until 2023. The investigator said he still didn't think this changed the fact that after Mr C was initially looking to access his funds he didn't follow it up for another year.

Mr C didn't agree with the investigator's findings, and his case was passed to me to consider.

### **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 do appreciate Mr C's frustration with the matter given he did contact Phoenix Life to request relevant information and the retirement pack/relevant forms to take his pension when its value was significantly higher in December 2021/January 2022. Phoenix Life's records show it wrote to Mr C in January and March 2022 acknowledging his enquiries and asking him to contact it to discuss his options. And that it sent Mr C an illustration dated 23 March 2022. I note Mr C has said he was sent a retirement package in March 2022 where Phoenix Life had cited he would be taxed at the higher rate so his plans might be unwise and this '*...scared me off, delayed me.*' I accept that Mr C may have just wanted the relevant forms to withdraw his funds. However Phoenix was merely providing relevant warnings to Mr C which it had a responsibility to do.

Like the investigator, I can't see that Mr C subsequently followed up on his plans to take the benefits at that time. I recognise that Mr C has said he didn't receive the annual statement

Phoenix has said was sent to him in August 2022 and that showed a significant fall in value. Whilst I accept that this *may* have prompted Mr C to take his benefits at that time, I don't think that was a certainty – only Mr C will know. But like the investigator, I think on the balance of the evidence available the statement was more likely than not sent in any event. I agree with Mr C that in the majority of cases a properly addressed letter will more likely than not be delivered. But clearly I cannot say with any reasonable degree of certainty what happened to that statement.

Mr C's pension had already been switched to having a large part invested in gilts by January 2022. As the investigator explained, gilts are generally regarded as 'safer' assets than equities. However although they are traditionally considered to present lower risk, their capital value can rise or fall. Political and economic shocks (such as the war in Ukraine) can result in changes to interest rates. Interest rates had been at historically low levels. Whilst there was always the possibility of an increase in interest rates from these ultra-low levels, I think the extent of the increases and in such a relatively short space of time wasn't generally expected. The significant and rapid increases from the end of 2021 resulted in marked falls in the value of gilt funds. This wasn't just restricted to Mr C's fund – it was across all pension companies.

I recognise Mr C considers Phoenix Life's failings caused him to lose out on the higher pension fund value. Phoenix Life has accepted there were some failings in the level of service it provided to Mr C as outlined. But for the reasons set out above and by the investigator, I don't think these failings caused the financial losses that Mr C is claiming in terms of him ultimately receiving a lower value from his pension. Like the investigator, it appears to me that although Mr C made initial enquiries about taking the pension he didn't then pursue the matter at that time.

### **My final decision**

Phoenix Life Limited has offered Mr C £300 in total for effectively the distress and inconvenience caused by the service failings outlined above. I think its offer is fair and reasonable in the particular circumstances. My final decision is that Phoenix Life Limited should pay Mr C £300 in total (including what has already been paid to Mr C).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 October 2024.

David Ashley  
**Ombudsman**