

Ombudsman's Determination

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| Applicant | Mr L |
| Scheme | Standard Life Group Personal Pension Plan (the Plan) |
| Respondent | Standard Life Assurance Limited (SL) |

Outcome

1. I do not uphold Mr L's complaint and no further action is required by SL.

Complaint summary

2. Mr L complained about the service he received from SL. He said that:
 - SL did not contact him prior to his 55th birthday to advise him of his pension options at age 55;
 - SL did not contact him in April 2015 to inform him of the changes in pension legislation that would allow its clients to take their pension benefits at age 55;
 - he contacted SL on 22 April 2021, to request help in taking his pension benefits. He did not receive an annuity quote until 22 June 2021. During this delay his pension value experienced high volatility and SL was taking a daily fee, both of which he says caused him to suffer a financial loss. He would like to receive compensation for the distress this caused him;
 - on 29 April 2021, his understanding was that SL had confirmed that it provided incorrect information to him, but it did not raise a complaint for this error until 30 May 2021;
 - SL provided incorrect quotes detailing the fees which would be applied to the Plan;
 - SL did not provide him with other available options, including pension drawdown. He believed SL was attempting to coerce him towards buying an annuity, as it would receive a fee of up to 3.6% of the Plan's value;
 - due to a server error, the SL system often displayed an incorrect fund value. Mr L said he would have moved his funds to a zero-risk option had he known the value of the fund was in fact falling; and

- while waiting for an annuity quote, he wrote to SL on at least three occasions to ask for help in confirming the fees he was paying. In each reply it ignored or avoided answering this question. He would like compensation in respect of this poor service and would like to know whether he should report this to the Financial Conduct Authority (**FCA**).

Background information, including submissions from the parties and timeline of events

3. The sequence of events is not in dispute, so I have only set out the main points. I acknowledge there were other exchanges of information between the parties.
4. The Plan is a defined contribution pension plan with SL, which was arranged through Mr L's employer, HFC Bank. Mr L had a selected retirement date in May 2031, which is when he is due to reach age 65.
5. On 3 March 2021, SL issued a letter to Mr L which quoted a transfer value of £64,869.85, for his Plan benefits, and included the following information:

“You might be thinking about how you want to take your pension savings. We want to make sure you've got all the information you need to make the right decisions. Your retirement date is [...] May 2031. Let us know if this has changed.”
6. On 22 April 2021, Mr L sent a secure message to SL. He wanted to know whether he could take a 25% Pension Commencement Lump Sum (**PCLS**) and asked what the options were for his remaining funds. He also asked for information on what, if any, fees could apply, as he said he was considering transferring providers.
7. On 23 April 2021, SL responded with details of the charges and also stated:

“I can confirm that once you reach the age of 55 you will be able to take 25% of your plan as a tax free lump sum, after the original 25% the remainder of your income on the 75% would be taxable at an income tax rate.”
8. On 28 April 2021, Mr L contacted SL by secure message to ask about his options from the age of 55. He also asked for more information about the 25% PCLS and asked for his annuity options to be provided in writing.
9. On 29 April 2021, SL replied to say that 25% of his fund was available as a PCLS and the remaining money could be invested in an Active Money Personal Pension (**AMPP**) account to utilise the drawdown option. SL also said that its administration team would provide documentation regarding the PCLS amount and that this would be processed in 10 working days.
10. On 30 May 2021, Mr L contacted SL by secure message to register a complaint. He raised the following issues:-
 - SL did not proactively contact him with his retirement options at 55.

- He had not received the documentation he was promised by SL on 29 April 2021.
- He asked how much was being taken from the Plan in fees.
- He asked for two example quotes for retirement at age 55. The first, if he took 25% PCLS and then took an index linked annuity with the remaining 75%. The second, if he took no PCLS with an index linked annuity.

11. On the same day, SL responded to Mr L as follows:-

- Its administration team would reissue the statement which should show the monetary amount for the charges, even though they were factored into the Plan value. The timescale for this request was 10 working days.
- The information he requested was issued by post on 26 May 2021.
- It said if Mr L required quotes, then the quickest way to obtain a quote was by speaking to the claims team, and it provided the telephone numbers and opening hours.
- It would raise a complaint for Mr L and it would be in touch within three working days to explain the outcome.

12. On 2 June 2021, SL issued a final response to Mr L's complaint. In summary, it said:-

- When Mr L's pension commenced, his employer applied a selected retirement age of 65. This meant that the information sent to him regarding his pension would not have included quotations of what he could do when he reached age 55, as it was not aware he planned to take his benefits earlier than the selected date.
- Mr L could contact SL direct to discuss taking his pension benefits, and the call handlers would be able to discuss options with him over the phone.
- SL offered Mr L £100 in respect of any trouble and upset that he had suffered.

13. On 3 June 2021, SL tried to telephone Mr L to discuss his concerns. He did not answer, so SL left an answerphone message saying it would try again that afternoon.

14. On 4 June 2021, at 10:08am, SL telephoned Mr L to discuss his concerns. Mr L said that he had waited for two hours the previous afternoon, but, as far as he was aware, the promised call back did not take place. During this telephone call, SL explained that Mr L's pension had more than the standard 25% PCLS available. It said 51.5% was available which would give an estimated PCLS of £34,000. SL also provided estimated fee figures to Mr L.

15. On the same day, at 3:02pm, SL telephoned Mr L to discuss his annuity options. SL said, in summary, that it did not provide annuities, but that they could be arranged through HUB, a third-party annuity provider. SL said that if Mr L were to purchase an annuity via HUB, it would pay SL a fee of up to 2.1% of the annuity purchase price.

SL said the 2.1% fee would not come from the value of his Plan but was paid between the companies themselves.

16. SL said that HUB could discuss annuity and drawdown options and if Mr L decided to pursue drawdown, then SL could help with this. SL explained that Mr L had the right to be paid a PCLS of more than 25% so was instead entitled to take a Protected Pension Commencement Lump Sum (**PPCLS**). SL said the amount Mr L could take was 51.5% of his fund. SL then telephoned HUB and transferred Mr L so he could speak to a HUB advisor.
17. On the same day, SL issued a letter to Mr L to clarify the value of his pension. It said the fund value was £68,931.79 and up to £24,454.39 could be taken as a PPCLS. It also sent him a retirement options booklet which included information on the drawdown option.
18. On 16 June 2021, Mr L spoke to HUB to discuss annuity quotes and on 22 June 2021, he received the quotes from HUB.
19. On 23 June 2021, Mr L telephoned SL as he wanted to move his benefits to lower volatility funds where his money would not be subjected to investment risk. SL confirmed that Mr L could move to the AMPP account. It told Mr L that he could research other funds on the Adviserzone website. Mr L asked for his pension funds to be transferred to the AMPP account.
20. On 25 June 2021, Mr L's funds within the Plan were transferred into the AMPP account, with a value of £69,393.41. On the same day, Mr L telephoned SL and said he wanted to take his PPCLS and leave the remainder in his AMPP account. This involved a drawdown process that the SL adviser was not familiar with. Mr L also expressed his disappointment that the secure system had not allowed him to send a message since 23 June 2021. The adviser told Mr L that they would need to discuss this with a senior manager and told Mr L that a call back would be made to him later that day. Later the same day, SL telephoned Mr L to complete the drawdown request process.
21. On 29 June 2021, SL moved £44,823.61 into the AMPP drawdown plan.
22. On 30 June 2021, SL paid a PPCLS of £24,569.80 to Mr L by CHAPS. It noted the total fund value on this day was £69,393.41, so the PPCLS represented 35.4% of the total.
23. On 8 July 2021, SL responded to Mr L's complaint and said, in summary:-
 - It informed Mr L that he could take 25% as a PCLS on 23 April 2021 and then 51.5% as a PPCLS on 4 June 2021. It said that this information that he could take 51.5% as a PPCLS was incorrect and it apologised for the error. However, it noted that Mr L was provided with the correct amount in the later telephone call that took place on 4 June 2021.

- It did not have functionality to provide annuity quotes. It said it had passed Mr L's concerns on the delay to HUB and asked it to respond to Mr L directly.
 - It had made Mr L aware of the drawdown option in its message dated 29 April 2021. It also told him about the drawdown option on 4 June 2021 before transferring his call to HUB.
 - Mr L told SL, on 23 June 2021, that he wanted to switch into the AMPP account. The fund switch was executed on 25 June 2021, and the fund value was £69,393.41. SL said the value did not change before it paid the PPCLS on 30 June 2021.
 - It had reviewed the call that took place on 25 June 2021. It said that the adviser Mr L had spoken to had decided to end the call as she wanted to speak to a senior manager. It agreed that it would have been better for her to continue with the call and said that feedback had been provided to the adviser.
 - It acknowledged that there were a number of issues with the service it provided but did not believe these had prevented Mr L from taking action on the Plan. However, it said it had decided to increase its offer of compensation in respect of the poor service it provided to a total of £500.
24. On 17 August 2021, Mr L telephoned SL regarding his complaint. He remained unhappy, because he did not believe that SL had responded to all of his complaint points in its letter dated 8 July 2021.
25. On 27 August 2021, SL responded to Mr L's concerns. It said, in summary:-
- It may have omitted some aspects of Mr L's complaint from its response, such as repeated requests for information on charges and a refund of account fees he paid after he reached age 55. It apologised that Mr L had requested this information multiple times and said it should have been covered in its response.
 - The Annual Management Charge it applies is 0.391% of the fund value. This covers fund managers fees, legislation changes, audits and other non-specific costs. Between Mr L's 55th birthday, in May 2021, and 29 June 2021, the Plan grew in value by £803.98. So, SL said it felt it was unreasonable to request a refund of the fee when Mr L benefitted from fund growth during this time.
 - Mr L's fund did drop slightly in value the day before he transferred into cash. This was as a result of a drop in market performance which SL said it was unable to control.
 - It received the fund transfer request on 23 June 2021, and this was executed on 25 June 2021. Its standard turnaround time for an internal transfer is 10 working days, so it did not consider that a delay occurred.

Adjudicator's Opinion

26. Mr L's complaint was considered by one of our Adjudicators who concluded that no further action was required by SL. The Adjudicator's findings are summarised below:-

- Mr L's employer applied a selected retirement age of 65 when Mr L's pension commenced. The Adjudicator saw insufficient evidence that Mr L told SL that he intended to retire at age 55, so his opinion was that it was not aware. In the opinion of the Adjudicator, Mr L was free to contact SL and request pension options from age 55 had he wanted to.
- In the Adjudicator's opinion, SL provided an adequate response the following day, on 23 April 2021, to Mr L's request, made on 22 April 2021, for help taking his pension benefits. It also told him on 30 May 2021 that he could speak to the claims team to obtain a benefit quote. However, it appeared that Mr L did not contact the claims team to discuss his options until 16 June 2021. So, in the opinion of the Adjudicator, the fact that SL did not provide quotes until 22 June 2021, was not due to any maladministration on the part of SL.
- The Adjudicator said he had seen insufficient evidence to suggest SL believed on 29 April 2021 that it had provided incorrect information to Mr L and that it did not raise a complaint on his behalf until 30 May 2021. In fact, Mr L did not register his complaint about being provided with incorrect information until 30 May 2021 and it responded promptly by issuing a final response to address his concerns on 2 June 2021.
- In the Adjudicator's opinion, Mr L did not suffer a financial loss as a result of being provided with incorrect information concerning the amount of PCLS and PPCLS he could take from his fund. Although Mr L was initially provided with incorrect information, he was given the correct information shortly afterwards. The Adjudicator acknowledged that this would have caused Mr L a degree of inconvenience, but his opinion was that no financial loss had been incurred as a result of the error.
- The Adjudicator saw insufficient evidence that Mr L was coerced into buying an annuity, as he claimed. Mr L was offered the opportunity by SL to contact its claims team to discuss his pension options and in any event, the Adjudicator's opinion was that Mr L was free to take independent financial advice from a third party if he wanted to explore other options.
- The Adjudicator acknowledged it was frustrating for Mr L that due to a server error, his fund value did not change on a day-to-day basis. Mr L said he would have moved his funds to a zero-risk option had he known the value of his fund was falling. In the opinion of the Adjudicator, Mr L had other options open to him to obtain his fund value, for example by contacting SL by telephone or secure message. The Adjudicator's opinion was that Mr L was not financially disadvantaged by the server error.

- Mr L contacted SL on 22 April 2021, regarding the Plan fees, as he was considering transferring providers. SL provided this information to Mr L on 27 August 2021. In the opinion of the Adjudicator, the delay was likely to have caused Mr L some inconvenience. However, the Adjudicator noted that the fee structures were available to Mr L on the SL website had he wished to review them.
- The Adjudicator acknowledged that there were some delays in the process, between Mr L requesting information, and SL responding to him. SL apologised that at times its service fell below an acceptable level and offered Mr L £500 in respect of the upset it caused him. The Adjudicator's opinion was that the award was sufficient in the circumstances.

27. Mr L did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr L provided some further comments in response to the Opinion. Mr L said:-

- SL accepted responsibility for a number of the complaints he raised, but not all of them and paid him £500 in recognition of those it upheld.
- His complaint is about the financial loss he suffered for the errors SL did not uphold or compensate him for.
- He suffered a financial loss during the poor service and delays he complained about, and SL was taking fees from him whilst the delays were ongoing. It refused to accept responsibility for the delays, server errors, and displaying the wrong fund values. It did not refund the fees it charged or compensate him for the drop in the fund value during the server error, which caused him a financial loss.

28. I have considered the additional points raised by Mr L however, they do not change the outcome, I agree with the Adjudicator's Opinion.

Ombudsman's decision

29. Mr L said he wanted to be compensated for the complaints he raised that SL did not uphold. More specifically, he said SL refused to accept responsibility for displaying the wrong fund value, which he said caused him to suffer a financial loss. In addition, it did not refund him the fees he was charged while he was experiencing delays in receiving a response from SL to his queries.
30. With regard to the fund value being incorrectly displayed, which Mr L said caused him to suffer a financial loss, I do not accept this. Mr L had other options available to him to obtain the value of his fund. He could have telephoned SL or sent it a secure message. Either of these would have allowed Mr L to have made a decision regarding what he felt was the best way for him to proceed, or to have sought independent advice. I do not find that the server error caused Mr L to suffer a financial loss.

31. Mr L said SL should refund the fees it charged between the date he reached age 55 in May 2021 and the date his fund was transferred to cash on 29 June 2021. I do not accept this. SL was entitled to charge fees to cover the costs of managing the fund during this period. While there was a delay in providing information about the fees, these details would have been available to Mr L on SL's website, should he have wished to review them and challenge SL about them at the time. I do not find that the fees charged by SL between the date Mr L reached age 55 in May 2021 and 29 June 2021 should be refunded.
32. SL has acknowledged that its service fell below an acceptable level in providing certain details to Mr L. I find that the award Mr L received from SL, of £500, was appropriate recognition of this.
33. I do not uphold Mr L's complaint.

Anthony Arter CBE

Deputy Pensions Ombudsman
30 May 2024