

## **The complaint**

Mr M complains that he's been inconvenienced by Zurich Assurance Limited after they asked him to go through an information gathering process when he wanted to cash in his pension pot.

Mr M says that because of Zurich's insistence that he go through an interview process, his pension has decreased in value because of their delays. He'd like Zurich to recompense him for those losses.

## **What happened**

In April 2023, Mr M contacted Zurich and asked them to fully encash his pension and send him the funds. As a result of Mr M's request, Zurich asked Mr M to provide some further information and complete a risk questionnaire so that they could provide some tailored risk warnings to him about his chosen course of action.

Shortly afterwards, Mr M decided to formally complain to Zurich. In summary, he said that he wasn't happy about the need to complete a questionnaire or provide any further information to Zurich, given that he'd already made his mind up that he wanted to encash his pension.

After reviewing Mr M's complaint, Zurich concluded they were satisfied that they'd done nothing wrong. They also said, in summary, that the risk questionnaire that they'd asked Mr M to complete was for his benefit, as the answers from that would help them to ensure that they'd highlighted the relevant drawbacks to him, so he could decide whether he still wished to proceed. Zurich also went on to say that the approach they were taking was set out by Regulator, the Financial Conduct Authority.

Mr M was unhappy with Zurich's response, so he referred his complaint to this service. In summary, he said that he didn't wish to engage in Zurich's process and forcing him to do so was unfair.

The complaint was then considered by one of our Investigators. He concluded that Zurich had treated Mr M fairly and that they were being reasonable by asking Mr M to go through their information process. Mr M, however, disagreed with our Investigator's findings. In summary, he said that citizens of a democratic society should have the right to make their own decisions about such matters.

Our Investigator was not persuaded to change his view as he didn't believe Mr M had presented any new arguments that he'd not already considered or responded to. Mr M then asked the Investigator to pass the case to an Ombudsman to review that outcome.

## **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 think it's important for me to note that I very much recognise Mr M's strength of feeling about this matter. He has provided submissions to support his complaint, which I've read and considered very carefully. However, I hope that Mr M won't take the fact that my findings focus on what I consider to be the central issues, and not in as much detail as he has outlined, as a discourtesy. The purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by Mr M and Zurich, in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm not upholding Mr M's complaint and it's largely for the same reasons as our Investigator. Whilst I can't add a great deal more beyond what our Investigator has already set out, I'll explain why.

I can well appreciate Mr M's frustration at what he feels are barriers being put in his way by Zurich when he's tried to access the full amount of monies in his pension pot. However, using financial services won't always be hassle-free. And, whilst Mr M may feel like Zurich's processes are unnecessary, they're there for good reason. The Regulator, the Financial Conduct Authority (FCA) has robust rules in place that firms must follow – these rules are principally designed to protect consumers from a wide spectrum of financial harm. In addition, the rules which the regulator sets out are also designed to ensure that whichever business consumers use, they're all provided with the appropriate and necessary information to ensure that they've been placed in an informed position. What that means in practice, is that regardless of which provider Mr M used, that business would have to satisfy itself that they've provided Mr M with the information set out in the Regulator's rules before he would be allowed to access his pension pot.

The Regulator has set out the rules which firms must follow in circumstances such as this in their Conduct of Business handbook under section 19.7. I appreciate that Zurich have already signposted those rules to Mr M on multiple occasions, so I don't intend to repeat them here. However, Mr M has questioned where in English Law it states that he's legally bound to comply with those industry requirements. To be clear, the Regulator's rules set out how *businesses* must conduct themselves, and those rules are designed with the consumer at the heart of them and are principally there to provide the highest level of protection. And they're there for good reason – multiple consumers have been victims of scams, paid unnecessary tax and or found the decisions that they've made have resulted in DWP benefits being impacted. So, when a consumer who doesn't have a financial adviser, such as Mr M and those in his situation, approaches a business and asks them to encash their full pension fund, I think that those rules are beneficial.

I think it would be helpful if I set out why those rules are in place and why firms must follow them. Deciding how to access a pension fund is an incredibly important financial decision. There's a combination of different ways in which consumers can do that and each approach typically has its own drawbacks. Importantly though, once any decision has been made, it's irreversible, so it's key that consumers are placed in an informed position before they take action, because if it subsequently transpires that there's been unintended consequences of following the wrong path, it's not usually possible to change to a different course of action. So, given retirement is such an important milestone in most consumers' lives, it's paramount that they go into any pension extraction process with their eyes wide open.

I accept that Mr M believes he fully understands the risks of accessing his full pension pot, but I don't believe what Zurich are asking is unreasonable. To be clear, Zurich aren't

providing Mr M with any advice; they're simply looking to satisfy themselves that Mr M is clear about the transaction that he's asking them to undertake, so he has a fair outcome. I think that this is sensible and it's what the Regulator expects of them.

Mr M explained in his complaint that Zurich had told him that he'd need to go through an interview with a financial adviser that could last up to 90 minutes. However, Zurich have explained that this is not the case and that their only requirement was for Mr M to provide further information to them and complete their risk questionnaire. It seems that Mr M may have been at crossed wires with Zurich – I've listened to the call that Mr M had with them on 14 June 2023 where he eventually agreed to go through Zurich's process to access his pension. Having listened to the discussion where Zurich asked a dozen questions, the process to complete them lasted around 15 minutes – so I don't think that the end-to-end approach they took was unreasonable.

Mr M has explained that he'd like Zurich to recompense him for his investment losses which he feels are attributable to themselves. He went on to explain that had Zurich immediately acted upon his instruction to encash his pension, he would have received around £15,000. He's now seen his pension fund reduce in value since and wants Zurich to make up the difference. However, I don't agree that Zurich are responsible for Mr M's losses. For me to make an award, I'd have to find that a business has done something wrong – I don't think that Zurich have. That's because, as I've already explained, Zurich are bound by the rules that the Regulator sets and from what I've seen, they've simply followed their expectations.

### **My final decision**

I do not uphold the complaint and as such, I won't be instructing Zurich Assurance Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 October 2023.

Simon Fox  
**Ombudsman**