

Ombudsman's Determination

Applicant	Mr L
Scheme	Alliance Trusts' Pension Plan (the Plan)
Respondents	Interactive Investor (I Investor) AJ Bell Securities Limited (AJ Bell)

Outcome

1. Mr L's complaint against I Investor is partly upheld. To put matters right, I Investor shall pay Mr L £1,000, in recognition of the serious distress and inconvenience he has suffered.

Complaint summary

2. Mr L complained about I Investor failing to adhere to its 90-day timescale to complete his pension transfer to AJ Bell. Mr L also said that AJ Bell should have kept him better informed throughout the transfer process.

Background information, including submissions from the parties

3. Mr L held pension benefits with I Investor that he wished to transfer to AJ Bell. Mr L wanted to transfer 18 assets that he held in the Plan. The transfer would have been an in-specie transfer which meant it would be a transfer of assets rather than disinvesting the asset and transferring the cash equivalent transfer value.
4. On 3 December 2018, I Investor emailed Mr L to confirm that his potential in-specie transfer would be completed within 90 days (**the December 2018 Email**).
5. On 23 January 2019, AJ Bell received Mr L's completed transfer forms for a partial transfer from I Investor. The completed forms confirmed the approximate transfer value of £240,000 and listed the assets he wished to transfer.
6. On 7 February 2019, AJ Bell contacted Mr L to confirm that it could not accept all the assets he wished to transfer based on the information provided. AJ Bell suggested that Mr L liaise with I Investor to clarify the investment information.

7. The next day, the issue was rectified, and AJ Bell emailed I Investor to initiate the transfer process.
8. On 12 February 2019, I Investor sent AJ Bell the transfer discharge paperwork for completion. AJ Bell returned this to I Investor on 14 February 2019. As part of the paperwork sent by AJ Bell, it said that:

“Upon completion of the transfer, in order to prevent any delay in allocating the funds to the client’s SIPP, I would be grateful if you could send us the full transfer information as soon as. This should confirm the following:

 - The transferred scheme’s HMRC Pension Scheme Tax Reference number.
 - The total transfer value.
 - Whether the transfer contains any crystallised benefits, along with the relevant details.
 - Details of any transitional protection relating to the transferring benefits and/or member.
 - Whether the transfer is part of a block transfer.
 - Whether the transfer value derives from a Pension Sharing Order or Provision.
 - Details of any Earmarking Orders in force against the transferring benefits.
 - If the member is subject to the Money Purchase Annual Allowance.”
9. On 18 February 2019, I Investor sent AJ Bell a valuation form, which contained additional assets that AJ Bell was not expecting. On 28 February 2019, AJ Bell emailed I Investor to request an updated valuation.
10. On 7 March 2019, I Investor sent AJ Bell the updated valuation and AJ Bell accepted this on 19 March 2019.
11. As two of the 18 assets had to be sent electronically, AJ Bell requested investment information for these and proposed settlement dates of 25 and 27 March 2019. I Investor did not respond to this. AJ Bell then proposed settlement dates of 1 and 3 April 2019.
12. On 28 and 29 March 2019, 10 assets were transferred to AJ Bell.
13. Between 4 and 8 April 2019, a further four assets were transferred to AJ Bell.
14. On 9 April 2019, AJ Bell contacted I Investor for an update on the two assets that needed to be sent electronically, as I Investor had failed to respond to the previously proposed settlement dates. These were transferred to AJ Bell on 12 April 2019.

15. On 19 April 2019, I Investor informed AJ Bell that it had transferred an incorrect asset on 28 March 2019. I Investor had sent AJ Bell, HSBC FTSE 250 Index C Acc instead of HSBC European Index Accumulation C.
16. On 23 April 2019, I Investor provided AJ Bell with the relevant information to return the asset and AJ Bell returned this the next day.
17. On 24 April 2019, one asset was transferred to AJ Bell.
18. On 2 and 15 May 2019, AJ Bell chased I Investor for the final asset to be transferred. The remaining fund was the HSBC European Index Accumulation C.
19. On 24 May 2019, I Investor transferred the final asset to AJ Bell.
20. On 5 June 2019, AJ Bell chased I Investor for the transfer completion paperwork to finalise the transfer. This information was requested in the paperwork sent to I Investor on 14 February 2019.
21. On 13 June 2019, AJ Bell received the transfer completion paperwork.
22. On 27 June 2019, Mr L raised a complaint with I Investor due to the delay in completing his transfer to AJ Bell.
23. In response, I Investor said that:-
 - It acknowledged that it sent AJ Bell an incorrect asset, but the overall transfer was completed within its 90 working days timescale for a SIPP transfer.
 - It upheld the complaint based on the incorrect fund being sent to AJ Bell, and a further payment of £50 would be paid as a gesture of goodwill.

AJ Bell's position

24. I Investor had delayed the transfer on three occasions, when:-
 - It had suggested multiple trade and settlement dates with I Investor, in relation to the electronic assets, but these were missed.
 - I Investor transferred an incorrect asset to it.
 - There was a delay in I Investor sending it the transfer completion paperwork.
25. In relation to Mr L's complaint that it should have kept him more informed of the progress of the transfer, the Plan's Terms and Conditions stated that:-

"As your account is execution only and we do not give advice, you are wholly responsible for initiating and co-ordinating the processing of transfers".

I Investor's position

26. As the transfer was in-specie, there was no financial risk or detriment caused to Mr L, the value of his assets or his account.

27. The contents of the December 2018 Email were partially incorrect, as it should have stated that the transfer would complete in 90 working days; not 90 days.
28. 90 working days is an industry standard to complete a transfer, and this timescale was met. The transfer was also completed within current legislation guidelines of six months.
29. It cannot locate any information where Mr L was told the transfer would complete in six to eight weeks. AJ Bell's timescale was eight to twelve weeks.
30. The transfer case was incorrectly closed on 24 May 2019. So, this is why there was a delay in sending AJ Bell the transfer completion paperwork.
31. It acknowledged mistakes were made during the transfer process which delayed the completion, so it offered a further payment of £150 in recognition of the inconvenience caused. This has not been accepted by Mr L.
32. On 29 August 2019, Mr L emailed AJ Bell asking if it allowed partial funds from the Plan as he wanted to transfer his Woodford fund. In response, AJ Bell stated partial transfers were permitted, apart from the Woodford fund as this was currently closed for trading.

Adjudicator's Opinion

33. Mr L's complaint was considered by one of our Adjudicators who concluded that further action was required by I Investor. The Adjudicator's findings are summarised below:-
 - I Investor had a legal obligation to complete the transfer within six months (the relevant section of The Occupational Pensions (Transfer Values) Scheme Regulations is quoted in the Appendix). The full transfer was completed within six months; however, consideration must be given as to whether there were unreasonable delays within the six months.
 - On 15 February 2019, I Investor received the completed transfer discharge forms from AJ Bell and the final step on the transfer process was completed on 13 June 2019. So, the transfer took 118 days in total to complete.
 - The December 2018 Email contained incorrect information and should have stated that the timeframe was 90 working days; not 90 days. Between 15 February and 13 June 2019, there were 81 working days so while incorrect information was provided the transfer was nonetheless completed within I Investor's usual timeframe.
 - However, throughout the process, I Investor caused errors which delayed the transfer process. The Adjudicator evaluated whether the errors had caused a financial loss.

- Firstly, on 18 February 2019, I Investor sent AJ Bell a valuation form which listed all the assets that Mr L wanted to transfer. Mr L wanted to transfer 18 assets, however, the list contained 20 funds. As a result, AJ Bell sought clarification on this matter. AJ Bell took eight working days to respond to the initial valuation form. I Investor sent the updated valuation form on 7 March 2019 and AJ Bell took eight working days to accept the valuations. So, if I Investor had sent AJ Bell the correct information on 18 February 2019, AJ Bell could have accepted this on 28 February 2019, accelerating the transfer by 13 working days.
- Further, two of the 18 assets needed to be transferred to AJ Bell electronically. AJ Bell proposed two different settlement dates to I Investor, and I Investor missed both of these. The first settlement dates were 25 and 27 March 2019, but these assets were not sent until 12 April 2019. While I Investor failed to respond to AJ Bell, this did not cause a delay to the transfer completion date as further assets were transferred after the 12 April 2019.
- Next, I Investor sent AJ Bell an incorrect asset on 28 March 2019. The error was highlighted on 19 April 2019 and I Investor sent the correct asset on 24 May 2019. If the correct asset had been sent, the final asset transfer could have been on 24 April 2019. This would have accelerated the transfer by 21 working days.
- Finally, after I Investor had sent the final asset to AJ Bell, I Investor failed to follow the requirements listed by AJ Bell in its letter dated 14 February 2019. This resulted in a delay between 24 May and 13 June 2019. AJ Bell stated what information was required at the start of the transfer process and told I Investor that failing to provide this information would delay the allocation of Mr L's funds. If I Investor had satisfied AJ Bell's instructions, then the transfer could have been completed 13 working days sooner.
- I Investor argued that the transfer completed on 24 May 2019, however, AJ Bell was clear in its post transfer requirements. This is why 13 June 2019 has been used as the transfer completion date.
- It is important to note that this was an in-specie transfer, so it was not necessary to disinvest any assets to enable the transfer. So, the transfer delay did not result in Mr L missing out on any potential investment growth. In the Adjudicator's opinion, the transfer was delayed by a total of 47 working days. However, this delay had not caused a financial loss as the assets remained invested throughout the transfer process.
- Mr L also argued that AJ Bell should have kept him up to date throughout the transfer process. However, the Terms and Conditions outlined that the responsibility of initiating and co-ordinating the transfer process was Mr L's. So, the Adjudicator's view was that AJ Bell had correctly followed the Terms and Conditions.

- Although the Adjudicator did not find a financial loss, there had been numerous errors throughout the transfer process that the Adjudicator considered would have caused Mr L distress and inconvenience. These errors committed by I Investor were
- sending Mr L the incorrect transfer completion timescale in the December 2018 Email;
- sending AJ Bell an incorrect asset valuation, which included assets that Mr L did not want to transfer;
- sending AJ Bell an incorrect asset which delayed the completion of the transfer;
- closing the transfer case before sending AJ Bell its requested transfer completion paperwork; and
- delaying the transfer case by 47 working days.
- In addition, I Investor took nearly nine months to respond to The Pensions Ombudsman's (**TPO**) request for information, despite numerous chasers being sent. When considering an award for non-financial injustice, consideration is given to the time and effort spent by an applicant in relation to the maladministration and in having to pursue the complaint, and the level of distress suffered. The Adjudicator considered that an award for the distress and inconvenience that I Investor caused was merited due to the maladministration that had occurred and the severe delay in I Investor engaging with TPO's investigation. It was the Adjudicator's view that an award of £1,000 would be in keeping with the guidance for serious non-financial injustice.

34. Mr L did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr L provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and note the additional points raised by Mr L. Mr L said that:-

- Due to the delay in completing the transfer, he is now unable to sell the units he has in the Woodford fund that was transferred to AJ Bell as it is currently closed for trading. Mr L argues that it was always his intention to sell this fund upon completion of the transfer.
- As a result of not being able to sell the units he has in the Woodford fund, he is now paying high management and platform holding fees.
- He cannot provide any evidence that this was his intention, however, he has demonstrated that he made other fund switches after the completion of the transfer.

Ombudsman's decision

35. Mr L accepted the view that an award of £1,000 for the non-financial injustice is adequate in the circumstances. So, I shall not comment on this in detail as I agree that the actions of I Investor warrant an award of £1,000 in recognition of the serious distress and inconvenience that Mr L suffered.
36. However, Mr L argued that he has suffered a financial loss due to I Investor delaying the completion of the transfer by 47 working days. Upon completion of the transfer, Mr L claims that he had the intention of selling his units in the Woodford fund. However, during the transfer process the Woodford fund closed for trading, which means that Mr L has to retain these units until further notice. Mr L stated that this is causing him a financial loss as the Woodford fund has high management and platform holding fees.
37. In order to uphold Mr L's claim for financial loss, I need to be persuaded that it was always his intention to sell the units he has in the Woodford fund upon completion of the transfer. While Mr L has provided evidence that he performed some fund switches after the transfer completed he has not been able to provide any evidence that it was also his intention to sell his units in the Woodford fund upon the completion of the transfer.
38. Further, Mr L was aware that the transfer completed in June 2019, however, he did not contact AJ Bell regarding the Woodford fund until August 2019. I appreciate Mr L was going through the complaint process, but this would not have stopped him from performing the fund switch sooner, as evidenced with the other fund switches he made. In addition, neither I Investor nor AJ Bell were informed of the need to complete the transfer by a certain date so Mr L could complete a fund switch relating to the Woodford fund. I find there is insufficient evidence to persuade me, on the balance of probability, that it was Mr L's intention to sell the units he has in the Woodford fund upon completion of the transfer.
39. I uphold Mr L's complaint in part.

Directions

40. Within 28 days of the date of this Determination, I Investor shall pay Mr L £1,000, in total to include any award that it has already paid to Mr L, for the serious distress and inconvenience he has experienced.

Anthony Arter

Pensions Ombudsman
16 December 2021

Appendix

The Occupational Pension Schemes (Transfer Values) Regulations 1996 (SI 1996/1847) Regulation 10

Part 3 Statements of Entitlement and Calculations of Transfer Values

“(1) Subject to paragraph (2), if the trustees of a scheme, having received an application under section 95 of the 1993 Act, fail to do what is needed to carry out what the member requires within six months of the appropriate date the member’s cash equivalent, as calculated in accordance with regulations 7 to 9, shall be increased by the amount, if any, by which that cash equivalent falls short of what it would have been if the appropriate date had been the date on which the trustees carry out what the member requires.

(2) If the trustees of a scheme, having received an application under section 95 of the 1993 Act, fail without reasonable excuse to do what is needed to carry out what the member requires within six months of the appropriate date the member’s cash equivalent, as calculated in accordance with regulations 7 to 9, shall be increased by-

(a) interest on that cash equivalent calculated on a daily basis over the period from the appropriate date to the date on which the trustees carry out what the member requires, at an annual rate of one per cent. above base rate; or, if it is greater,

(b) the amount, if any, by which that cash equivalent falls short of what it would have been if the appropriate date had been the date on which the trustees carry out what the member requires.”