

Ombudsman's Determination

Applicant	Mr N
Scheme	NatWest Group Pension Fund (the Fund)
Respondents	NatWest Pension Trustee Ltd (the Trustee) Willis Towers Watson (WTW)

Outcome

1. I do not uphold Mr N's complaint and no further action is required by the Trustee or WTW.

Complaint summary

2. Mr N has complained that the transfer of his pension from the Fund to the St James's Place Personal Retirement Plan (**the SJP Plan**) was unreasonably delayed. Mr N said that the delay caused him a financial loss of £32,470.01.

Background information, including submissions from the parties

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 all the parties.
4. In April 2020, WTW issued a quotation to Mr N for a Cash Equivalent Transfer Value (**CETV**) of £632,155.21 for his final salary benefits held in the Fund. The date of the CETV quotation was 7 April 2020 and it was guaranteed for three months. The paperwork included the following statements:

"You can transfer out just part of your pension, if you want to. If you do this, you:

- must transfer all your guaranteed pre 1997 benefit (this includes all your Guaranteed Minimum Pension)
- must transfer all your Additional Pension Contributions (**APeCs**), if you have any
- must transfer at least 50% of your total guaranteed transfer value (not including any APeCs)
- cannot previously have transferred out part of your pension from the Fund."

...and

“Once completed transfer out documentation has been received by Willis Towers Watson, it is estimated to take up to 10 working days to complete a transfer (plus an additional 10 days to disinvest any AVCs). The timescale will be significantly longer for cases where additional validation checks are required.”

5. On 30 April 2020, WTW received Mr N’s completed transfer paperwork, sent by his independent financial advisor (**the IFA**). This confirmed Mr N’s request to transfer his benefits out of the Fund.
6. On 5 May 2020, WTW wrote to Mr N to explain that due to the issue of Guaranteed Minimum Pension equalisation, an additional transfer amount may become due to him in future.
7. On 6 May 2020, Mr N confirmed that he still wished to proceed with the transfer.
8. On 22 May 2020, WTW emailed Mr N to ask for confirmation that the IFA was authorised by the Financial Conduct Authority (**FCA**).
9. On the same day, WTW emailed St James’s Place Wealth Management plc (**St James’s Place**). It explained that it had received a transfer request from a member of the Fund. Given the circumstances of the transfer, WTW said it needed to check the FCA register to confirm that the advice given to the member was provided by an appropriately regulated advisor. It added that it had been made aware by the FCA that some advisors were using the details of St James’s Place when they did not work for the company. WTW asked St James’s Place to confirm whether the IFA was employed by St James’s Place. No evidence of a response to this email has been submitted as part of the complaint.
10. Later that day, Mr N emailed WTW to confirm that the IFA was authorised by the FCA. Mr N added that he was also FCA regulated.
11. On 26 May 2020, WTW completed its due diligence checks for Mr N’s transfer.
12. On the same day, WTW emailed Mr N regarding his transfer out of the Fund. The email incorrectly referred to the receiving scheme as being Royal London. WTW explained that some of Mr N’s APeCs were held in the Fidelity Property Fund and trading on this fund was suspended at that time. It set out that the value of the assets Mr N held in the Fidelity Property Fund was £29.97. WTW asked whether he wished to proceed with the disinvestment of his other APeC assets and progress the transfer without the assets held in the Fidelity Property Fund. The alternative option proposed by WTW was that Mr N could transfer his final salary benefits, valued at £632,155.21, separately to his APeCs.
13. On the same day, Mr N replied to WTW. He confirmed that the receiving scheme was the SJP Plan. He asked WTW to initiate the disinvestment of his benefits, excluding the Fidelity Property Fund, and proceed with the transfer.

14. On 27 May 2020, WTW emailed Mr N to apologise that its previous email had referred to Royal London and confirm his transfer was to the SJP Plan.
15. On 28 May 2020, Mr N made two telephone calls to WTW. He requested that WTW facilitate the immediate transfer of his final salary benefits, then transfer his APeC benefits at a later date. WTW explained that it would not be possible to transfer these benefits separately, because the disinvestment of his APeCs had already been instructed, in line with Mr N's email of 26 May 2020. This meant the transfer could only take place once the disinvestment had been completed.
16. Later that day, Mr N emailed WTW. He said he wished to clarify that the transfer of his final salary benefits should be made without further delay. He understood that the disinvestment of his APeC benefits would take longer. He said there were a number of investments in the SJP Plan that he wished to make within the next 24 hours, so it was imperative that the transfer of his final salary benefits was completed that day.
17. On 29 May 2020, Mr N emailed WTW. He said that following his instruction to transfer his benefits out of the Fund, he had regularly requested updates on the transfer. He considered that there had been delays due to queries raised by WTW. He said his understanding was that his final salary benefits would be transferred ahead of his APeC benefits and he was not made aware by WTW that these would be transferred together. He said he had been told by WTW that the disinvestment process could take between 10 and 15 days, which he considered to be unacceptable.
18. Mr N asked why his final salary and APeC benefits could not be transferred separately. He also asked, with reference to the FCA's Best Execution rules, when WTW was in a position to progress the transfer of his final salary benefits. He requested a copy of WTW's Best Execution policy.
19. On 2 June 2020, WTW emailed Mr N to acknowledge that he had raised a complaint. It said that it had written to Mr N on 5 May 2020, and he had confirmed the following day that he was happy to proceed with the transfer. WTW said that there was a delay until 22 May 2020, at which point its Senior Manager & Certification Regime process was implemented, but it could offer no explanation as to why this was not carried out after it received the confirmation to proceed from Mr N on 6 May 2020.
20. WTW explained that it would not know the realised asset value from his APeC benefits until 4 June 2020. It said that once this was known, it would compare the actual value achieved against the potential value, on the assumption that Mr N's financial advisor contacted it on the next working day after 7 May 2020.
21. On 4 June 2020, WTW wrote to Mr N. It said it would pay £633,462.61 to St James's Place 'in the next few days'. It added that it would contact him again when it was in a position to transfer his remaining APeCs, held in the Fidelity Property Fund.

22. On the same day, Mr N emailed WTW. He said he was concerned that the delayed administration of his transfer had caused him a financial loss. He asked WTW to provide the date on which his final salary and APeC benefits should have been transferred to the SJP Plan.
23. On 5 June 2020, the transfer of Mr N's funds to the SJP Plan was completed.
24. On 8 June 2020, WTW emailed Mr N. Its email included the following explanation:

“...although we are looking at a possibly [sic] unit price date for your APeCs of the 8 May [2020], the sale procedure takes 5 working days for completion with the Fund Managers. Therefore, the first opportunity we would have had to arrange payment of your transfer would have been 15 May. Please can you ensure any comparison is based on a payment date of the afternoon of 15 May. Based on the assumption that this was paid by the close of business of the 15 May, the earliest opportunity that the receiving scheme would have been able to invest the proceeds of the transfer would have been 18 May [2020].”
25. On 17 June 2020, Mr N emailed WTW. He said he had calculated his financial loss to be £32,470.01. This was based on his consideration of what would have been the total value of his benefits if the transfer had been carried out on 18 May 2020. The figure he calculated was £665,932.62, from which he subtracted his actual transfer amount of £633,462.61 to reach the figure for his financial loss.
26. On 18 June 2020, WTW emailed Mr N. It set out its position that it would not award redress to Mr N in relation to the transfer of his benefits out of the Fund. It explained that it had service level agreements (**SLA**) with the Trustee, for the completion of certain administrative processes. It said that in Mr N's case, the settlement of his benefits did miss its SLA. However, it asserted that the transfer was completed within the set disclosure guidelines, and it could not be held responsible for the fluctuations in investment markets over the period in question.
27. On 23 June 2020, Mr N submitted a complaint under the Fund's two-stage Internal Dispute Resolution Procedure (**IDRP**). The enclosed information referred to his transfer paperwork being recorded as received by WTW on 29 April 2020, rather than 30 April 2020.
28. On 7 September 2020, the Trustee wrote to Mr N. It said that it had fast-tracked his complaint to stage two of the IDRP. It explained that the statutory requirement for a transfer, such as Mr N's, was for it to be completed within six months. It said that the time taken to complete Mr N's transfer was longer than it had hoped, but this was due to the additional checks that had to be carried out. The Trustee's position was that the overall time taken to complete Mr N's transfer was reasonable. It provided further explanation of the additional checks as follows:-

- WTW noted that Mr N was employed by the same company as the IFA. It had to ensure that the financial advice Mr N received was given by an appropriately registered advisor.
 - His initial request to transfer out the entirety of his final salary and APeC benefits was not possible, due to the suspension of the Fidelity Property Fund. There was then some miscommunication by WTW regarding the ability for Mr N to transfer his final salary benefits separately to the APeC benefits he held outside the Fidelity Property Fund. The Trustee apologised for this miscommunication and that WTW had named an incorrect receiving scheme in its email of 26 May 2020.
 - WTW's SLA to raise a query is 5 to 10 working days. The 12 working days between 6 May 2020, when Mr N confirmed his willingness to proceed with the transfer, and 22 May 2020, when WTW requested further information about the financial advice received, meant that WTW was outside of this timescale. The Trustee apologised for the delay.
29. The Trustee has since reiterated that WTW was informed by the FCA that individuals were using the details of St James's Place when they did not work for the company itself. WTW sought to undertake the necessary due diligence to ensure that the IFA was regulated by the FCA and employed by St James's Place.
30. The Trustee also confirmed that WTW's SLA to process a transfer payment is 13 working days from receipt of all necessary information from the member. In Mr N's case, the information was received by 26 May 2020, and the transfer was processed on 4 June 2020, so it met the SLA. The Trustee said that the SLAs it has agreed with WTW are targets only, and are designed to be well within any legal limits.
31. Mr N has clarified that he is not employed by St James's Place. He has his own company, J P Wealth Management Ltd, which is a Partner Practice of St James's Place. The IFA operates on a similar basis with his company, Chasebridge Wealth Management.

Caseworker's Opinion

32. Mr N's complaint was considered by one of our Caseworkers, who concluded that no further action was required by the Trustee or WTW. The Caseworker's findings are summarised below:-
- WTW provided the guaranteed CETV to Mr N within the statutory three-month timescale.
 - Mr N sent WTW his completed transfer paperwork on 30 April 2020. The statutory deadline for the completion of a transfer is six months. The administration for the transfer of Mr N's benefits was completed by 4 June 2020.

- The time taken to complete the transfer did not amount to maladministration, so no redress was recommended in respect of the financial loss claimed by Mr N.
 - The Caseworker acknowledged that Mr N had been misinformed by WTW. He was told that the earliest opportunity WTW could have arranged the payment of his transfer was 15 May 2020, but this did not take into account the due diligence checks that had to be carried out.
 - WTW sought to confirm that Mr N had received appropriate financial advice on the transfer. WTW then performed further due diligence checks, because the advice was given by an advisor that it understood was employed by the same company as Mr N.
 - WTW contacted St James's Place and Mr N on 22 May 2020 to request information about the advice given to Mr N. WTW also carried out further checks, due to some of Mr N's APeC benefits being held in the Fidelity Property Fund, which was suspended at the time.
 - WTW completed its due diligence checks on 26 May 2020. The transfer could not proceed until this process had been completed. The Caseworker's view was that the checks were necessary and WTW acted in accordance with the relevant statutory requirements.
33. Mr N did not accept the Caseworker's Opinion and the complaint was passed to me to consider. Mr N submitted further comments in response to the Opinion. In summary, he said:-
- There is no requirement to take either independent or restricted advice in connection with a pension transfer. Chasebridge Wealth Management are a Partner Practice of St James's Place and offer restricted advice.
 - Chasebridge Wealth Management has confirmed its involvement in several defined benefit pensions transfers, administered by WTW, prior to his pension transfer. There can be no doubt of the pre-existence of a professional relationship between WTW and Chasebridge Wealth Management. He does not accept WTW's assertion that these additional checks were required.
 - He was initially misinformed by WTW that he could transfer his final salary benefits separately to the APeC benefits, excluding the Fidelity Property Fund.
 - He has highlighted the FCA's Best Execution Policies, detailed in its Handbook, specifically COBS 11.2A.
 - WTW acknowledged that there was a delay between 6 and 22 May 2020, which he asserts would amount to maladministration. WTW suggested 18 May 2020 as an appropriate transfer date for the calculation of the financial loss.

- The due diligence checks should have been undertaken at the outset of his request to transfer. WTW had sent him numerous CETV quotations over the preceding two years. He does not accept that it should take almost a month to complete the due diligence, especially when the advisor was FCA regulated, which could easily have been verified on the FCA's website.

34. The Trustee also provided further comments in response to the Caseworker's Opinion and Mr N's subsequent comments. In summary, it said:-

- When a Fund member requests the transfer of a defined benefit pension, with benefits valued above £30,000, to a defined contribution arrangement which might allow them to take advantage of pension flexibilities, it is obliged, under s.48 of the Pension Schemes Act 2015, to check that the member has taken appropriate advice. In this context, it essentially means advice that is given by an independent, FCA regulated, advisor. While, technically, the requirement applies to the Trustee rather than to the member, it should not proceed with the transfer if it has not received confirmation from the member that they have taken such advice. This effectively amounts to an obligation on the member at the same time.
- WTW could only begin the due diligence once Mr N had confirmed his intention to transfer and provided details of the receiving scheme.
- Part of the reason for undertaking the additional due diligence was that Mr N had received advice from an entity that he may have been connected to. WTW wanted to ensure that the requirement of independence was met by the IFA. WTW would have taken this step regardless of whether it had a pre-existing relationship with Chasebridge Wealth Management.
- It acknowledges that Mr N may not have been directly employed by St James's Place or Chasebridge Wealth Management, but given that they were connected to the company that employs Mr N, it was still potentially relevant to the independence requirement. Its position is that it was appropriate for WTW to have undertaken additional due diligence in this case.
- Further due diligence was required because WTW had received reports of individuals falsely claiming to be financial advisors working at St James's Place. It is unable to confirm whether additional due diligence was conducted in relation to any of the other transfers that Mr N said were handled by Chasebridge Wealth Management, as it is not in possession of the relevant information. It is possible that these other transfers were administered before WTW received the reports of suspicious activity. In addition, it cannot rely on the fact that WTW may have administered previous transfers to a particular arrangement.
- WTW has acknowledged and apologised for the miscommunication that occurred regarding the ability to transfer Mr N's APeCs. However, its position is that this did not cause an unreasonable delay in the administration of his transfer. It does not agree that WTW's actions amount to maladministration.

- Neither it, nor the part of WTW involved in the administration of Mr N's transfer, are FCA regulated. This means that they are not subject to the FCA's Best Execution Principles.

35. I have considered the points raised by Mr N and the Trustee, but they do not change the outcome of the complaint. I agree with the Caseworker's Opinion.

Ombudsman's decision

36. Mr N has complained that WTW's delayed administration of his pension transfer has caused him a financial loss, due to adverse movement in the unit prices of his intended investments post transfer.
37. As has been pointed out by the Trustee, the transfer activity does not fall under the FCA's remit, so the complaint would not be considered against the obligations set out in the FCA's Handbook.
38. Mr N has asserted that WTW's additional due diligence, in relation to the IFA, took longer than necessary. Although Mr N may have been confident about the transfer and the authorisation of the IFA, I find that it was reasonable for WTW to have sought further information to ensure that it complied with pensions legislation. I agree with the Trustee's position that it should not rely on past transfers involving the parties in question as evidence of an appropriate relationship.
39. WTW requested information about the IFA on 22 May 2020 and had completed its due diligence checks two working days later, on 26 May 2020. I find that the time taken for this was reasonable.
40. WTW said to Mr N, in its email of 26 May 2020, that one of the options was to transfer his APeC benefits, not invested in the Fidelity Property Fund, separately to his final salary benefits. Mr N's initial request, in his email of the same day, was to initiate the disinvestment excluding the Fidelity Property Fund. When he asked, on 28 May 2020, for his other APeC benefits to be excluded from the disinvestment, WTW told him this was not possible, because the disinvestment process had been instructed and could not be altered. The Trustee has since acknowledged that the option for Mr N to transfer his APeC benefits separately to his final salary benefits should not have been suggested. It has apologised for this miscommunication.
41. The CETV quotation issued to Mr N explained that it was possible to partially transfer his pension benefits out of the Fund, but a transfer on this basis had to include all the APeCs. WTW incorrectly told Mr N that he could transfer his APeC benefits separately to his final salary benefits. Given that WTW initiated the disinvestment process following Mr N's initial request to transfer the benefits together, I find that WTW's provision of incorrect information did not delay Mr N's pension transfer.

42. Although I acknowledge that Mr N will have suffered some distress and inconvenience as a result of being led to believe that he could have transferred these benefits separately, I consider that the level of this distress and inconvenience would not meet the threshold for an award for non-financial injustice.
43. There was a period of 11 working days between 6 May 2020, when Mr N confirmed his wish to proceed with the transfer, and 22 May 2020, when WTW began its enquiries in relation to the IFA. The Trustee referred, in its complaint response dated 7 September 2020, to this period as being 12 working days, a delay of two working days outside of WTW's SLA, but there was a bank holiday on Friday 8 May 2020, so this would not have been a working day. WTW gave no specific reason for the delay and the Trustee has apologised that WTW did not meet the SLA. However, the Trustee explained that the SLAs it has agreed with WTW are a target, not a requirement, with the aim that a transfer is completed within the statutory deadline.
44. I note that Mr N's CETV quotation set out an estimate of up to 10 working days to complete a transfer, plus an additional 10 days to disinvest any APeCs, otherwise known as AVCs. It does not specify the additional 10 days to be working days, but as the section makes initial reference to working days, I think it is reasonable to consider that the estimate suggests a further 10 working days to disinvest the APeCs. This gives a combined estimated timescale of up to 20 working days. It also indicated that additional time may be taken if extra checks were required.
45. Mr N has referred to his transfer request being received by WTW on 29 April 2020, whereas WTW record this as being received on 30 April 2020. The administration of Mr N's transfer was completed on 4 June 2020. This was 23 or 24 working days after the receipt of his request, depending on which date of receipt is used. While it may have been theoretically possible for WTW to have carried out certain actions more quickly than it did, the transfer was completed well within the statutory six-month deadline. Irrespective of the correct date of receipt of Mr N's transfer request, I find that the time taken by WTW was reasonable and does not amount to maladministration. It is unfortunate that the unit prices of Mr N's intended investments appear to have increased over the period in question, but I do not find that he should receive redress for his claimed financial loss.
46. I note that WTW's initial correspondence regarding Mr N's complaint implied that it was willing to provide redress to put him in the financial position he would have been in, had the transfer been carried out on 18 May 2020. However, WTW's email dated 18 June 2020 set out that it was not prepared to offer redress to Mr N. It is disappointing that neither WTW nor the Trustee has given further comment on this apparent change of position. Although I do not consider that this changes the outcome of the complaint, I acknowledge that it will have created a loss of expectation for Mr N, which was avoidable.

CAS-57256-T1V5

47. In summary, I do not uphold Mr N's complaint and no further action is required by the Trustee or WTW.

Anthony Arter CBE

Deputy Pensions Ombudsman
3 November 2023