

## Ombudsman's Determination

Applicant	Mrs I
Scheme	HBOS Final Salary Pension Scheme ( <b>the Scheme</b> )
Respondent	Willis Towers Watson ( <b>the Administrator</b> )

### Complaint Summary

1. Mrs I's complaint concerns the delays she experienced in relation to the transfer of her benefits from the Scheme and the reinvestment of the transferred value. She asserts that she has incurred a financial loss as a result of the delays and that she has also suffered distress and inconvenience.

### Summary of the Ombudsman's Determination and reasons

2. The complaint is not upheld against the Administrator as there was no unreasonable delay by it that resulted in the delay of Mrs I's transferred funds being reinvested.

### Detailed Determination

#### Material facts

3. Mrs I was an active member of the Scheme, which is an occupational defined benefit pension arrangement.
4. In January 2021, Mrs I requested from the Administrator an indicative cash equivalent transfer value (**CETV**) illustration of her benefits in the Scheme. The Administrator informed Mrs I that, as it had previously issued a CETV illustration to her within the last 12 months, she would have to pay a fee of £300 to have another CETV illustration.
5. On 4 February 2021, Mrs I emailed the Administrator and confirmed that she had paid the £300 fee. She asked the Administrator to post the CETV illustration to her home address and to also send it by email. She also asked the Administrator to confirm that it had actioned her request and to provide an indication of when she would be sent the CETV illustration.
6. On 5 and 8 February 2021, Mrs I telephoned the Administrator for an update on her request. During these telephone calls:-

- 6.1. The Administrator confirmed that it had received Mrs I's email of 4 February 2021.
- 6.2. Mrs I explained that she needed the CETV illustration urgently.
- 6.3. The Administrator confirmed that it would make a note that the CETV illustration was required urgently and said that its service level agreement (**SLA**) to provide CETV illustrations was five to ten working days.
7. On 9 February 2021, the Administrator emailed Mrs I and informed her that it had forwarded her request for a CETV illustration to the Scheme Actuary (**the Actuary**) for calculation, and that it would take approximately two weeks for the calculation to be completed.
8. On 9 and 10 February 2021, Mrs I emailed and telephoned the Administrator to inform it of her disappointment with the timescales, as she was previously informed the process would take five to ten working days.
9. On 12 February 2021, the Administrator sent Mrs I the CETV illustration. The Administrator explained that the CETV was not guaranteed and that the figures were based on the date of the calculation. It also explained that it was unable to provide Mrs I with a guaranteed CETV illustration while she was still an active member of the Scheme. She would need to opt out of the Scheme to be sent a guaranteed CETV illustration.
10. On 15 February 2021, Mrs I emailed the Administrator a photograph of her signed opt out form (**the Form**) and said that she had sent the original copy of the Form in the post. Mrs I also said:

“... I am looking to transfer my pension out (I am actually doing this in unison with my colleague...) as part of a 'block' transfer so that I can retain the right to draw down from 50 (instead of the usual 55) should I wish.

Could you please confirm that you have received and actioned my Opt-out request detailed on the attached?

Advise when I can expect my Leavers Pack (particularly interested in the final page which I understand is the transfer out request that guarantees my CETV)?

Is it possible to receive a hard and soft copy of the Leavers Pack so that I can return the transfer put [sic] request immediately as we are working to a very tight timeline with our financial adviser...”
11. On 17 February 2021, Mrs I spoke on the telephone with the Administrator on two occasions. During these telephone calls:-
  - 11.1. Mrs I queried when she would be sent the leavers pack. She explained that she needed the information by the end of the month.

- 11.2. The Administrator confirmed receipt of the Form and that her request for a guaranteed CETV illustration would need to be sent to the Actuary.
- 11.3. Mrs I explained that she had a deadline of 10 April 2021, for a potential transfer.
- 11.4. The Administrator tentatively confirmed that it should be able to provide the guaranteed CETV illustration by that date.
12. On 19 February 2021, the Administrator emailed Mrs I confirming receipt of the Form and informed her that her last day of membership would be 28 February 2021.
13. On 8 March 2021, there were several email exchanges between Mrs I and the Administrator. In these emails:-
  - 13.1. Mrs I requested an update on the status of her guaranteed CETV illustration.
  - 13.2. The Administrator explained that:-
    - 13.2.1. It was a Trustee requirement, due to the value of her benefits, for the calculation to be referred to the Actuary. It was unsure of the Actuary's current workload. The Actuary had its own SLA, but it assumed that the Actuary had 10 working days, from receipt of a request, to provide an illustration.
    - 13.2.2. The guaranteed CETV illustration should be sent to the Administrator by 18 March 2021. The entire process was well within the usual agreed SLAs.<sup>1</sup>
14. On 10 March 2021:-
  - 14.1. Mrs I emailed the Administrator for an update on her guaranteed CETV illustration.
  - 14.2. The Administrator emailed Mrs I and informed her that the Actuary had authorised the calculation. It envisaged her guaranteed CETV illustration would be sent the following day.
15. On 14 March 2021, Mrs I received the guaranteed CETV illustration. This showed that the CETV in respect of her defined benefits was £2,378,467.49 and this value was guaranteed for three months from 1 March 2021. The value of her additional voluntary contribution fund was £187,953.24 and was not guaranteed.
16. On 1 April 2021, Aegon, who was the administrator of the receiving scheme, emailed the Administrator the transfer paperwork for the buddy transfer of Mrs I and her colleague's benefits (**the April Email**).<sup>2</sup>

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<sup>1</sup> The Administrator explained that had Mrs I's request been dealt with under the normal scenario, her request for a guaranteed CETV illustration would not have been sent to the Actuary until 18 March 2021.

<sup>2</sup> Mrs I signed the transfer documents on 27 March 2021.

17. Between 10 and 22 April 2021, there were exchanges between Mrs I and the Administrator. During these exchanges:-
  - 17.1. Mrs I forwarded to the Administrator a copy of the April Email and asked for an update on the status of her transfer.
  - 17.2. The Administrator informed Mrs I that it had not received the April Email. However, it had forwarded the email trail with Mrs I to the relevant mailbox, and the email had been received by the relevant team.
  - 17.3. Mrs I asked for updates on the progress of her transfer.
  - 17.4. The Administrator informed Mrs I of the additional information it required to complete its due diligence and Mrs I provided the required information to the Administrator.
18. On 22 April 2021, Mrs I complained to the Administrator. In summary she said:-
  - 18.1. She had telephoned and written to it multiple times but had not received responses, and she was concerned that the end of the guarantee period of the CETV illustration was approaching.
  - 18.2. Promises of returned telephone calls were broken.
  - 18.3. The guaranteed CETV illustration was supposed to be valid for three months. Due to her illustration having to be referred to the Actuary, the end of the guarantee period was two weeks short of the three months.
  - 18.4. The April Email was apparently not received by the Administrator.
  - 18.5. She requested confirmation that the documents she had forwarded were adequate for the address verification checks, details of anything outstanding and a timeline of what would happen next.
  - 18.6. She hoped that the Administrator would appreciate that this situation was very frustrating and inconvenient, given concurrent work pressures.
19. On the same date, the Administrator emailed Mrs I and informed her that it had everything required to complete the transfer and that it was proceeding to the sale of assets stage, which would take 10 to 15 working days.
20. On 26 April 2021, the Administrator replied to Mrs I's complaint. It apologised that Mrs I had not received a response to her emails or telephone calls and confirmed that her ID verification documents had been accepted and her assets were currently with the investment manager to be sold. Once it received the funds, it would complete the transfer.
21. The Administrator also said:

"I trust the above will be welcome news. I will leave your complaint open on our files to monitor the progress and ensure you do not experience any further delays, however if you have any queries please do not hesitate to contact us."

22. On 26 and 28 April 2021, Mrs I contacted the Administrator for an update on the progress of her transfer.
23. On 6 May 2021, the Administrator emailed Mrs I. It explained that it had all the documents required to proceed with the transfer for Mrs I and her colleague and that it was currently awaiting the sale of all the assets. Once the sale of the assets had been completed, it would be in a position to make the transfers. It explained that it did not have timescales for this but that it was monitoring the situation closely to ensure that she did not experience any undue delays. It would contact her once it received the funds to proceed with the transfer.
24. On 17 May 2021, the Administrator:-
  - 24.1. Wrote to Aegon and informed it that it would pay the CETV of Mrs I's benefits to its bank account within the next few days.
  - 24.2. Wrote to Mrs I and informed her that it had paid the CETV direct to her new pension provider.
25. On 19 May 2021:-
  - 25.1. The Administrator emailed Mrs I and informed her that her transfer had been completed and that on that basis it had closed her complaint.
  - 25.2. Aegon wrote to the Administrator and asked it to provide some additional information, in order for it to apply the transfer monies to Mrs I and her colleague. This included confirmation of whether Mrs I and her colleague had protected low pension ages.
26. On 21 and 25 May 2021, Aegon chased the Administrator for a response to the queries it had made on 19 May 2021.
27. On 26 May 2021, Mrs I telephoned the Administrator. She explained that she was informed by her independent financial adviser (**IFA**) that the Administrator had not completed the buddy transfer correctly, so her funds could not be invested. She requested her complaint be reopened.
28. On 28 May 2021, the Administrator replied to Mrs I. In summary it said:-
  - 28.1. It had opened a new complaint for her.
  - 28.2. It apologised that information was not correctly sent to Aegon, in order to facilitate the buddy transfer.
  - 28.3. Its administration team had received information from Aegon which set out what was required to facilitate the investment of her funds to satisfy the buddy

transfer requirements. This information would be provided to Aegon at the earliest opportunity.

29. On the same date, the Administrator provided the requested information to Aegon. It also sent a further email to Mrs I, confirming that “the full details that Aegon requested [had] been provided and [it] had requested confirmation of anything further that may be outstanding in order that the respective funds are invested correctly.”
30. On 1 June 2021, the Administrator queried with Aegon whether it had invested Mrs I’s transferred funds.
31. On 3 June 2021:-
  - 31.1. Aegon confirmed to the Administrator that Mrs I’s funds had been invested on 1 June 2021.
  - 31.2. The Administrator informed Mrs I of the information it had received from Aegon.
32. On 4 June 2021, the Administrator sent a further email to Mrs I. It reiterated that it had received confirmation from Aegon that her funds had been invested on 1 June 2021, and that it had been done so in line with the buddy transfer process. It apologised that the transfer had not been completed on this basis initially and asked Mrs I to confirm that the transfer had been completed in line with her expectations. It also said it would keep Mrs I’s complaint open until it received her confirmation.
33. On 9 June 2021, Mrs I replied to the Administrator. In summary she said:-
  - 33.1. She would like her complaint to remain open. While it was true that her benefits had been transferred and reinvested, her experience had been truly shocking. There was a catalogue of missed deadlines, the Administrator failed to respond to emails and telephone calls, there was a lack of promised updates and an apparent disconnect between the call handlers and the Actuary.
  - 33.2. There were significant delays between her funds being transferred to Aegon and Aegon’s receipt of the information required to facilitate the reinvestment of her transferred funds through a buddy transfer. This was despite the Administrator being aware from the outset that her transfer was a buddy transfer.
  - 33.3. Buddy transfers were well understood within the pension industry. Her IFA had previously transferred clients through the Administrator using this process.
  - 33.4. This situation had and continued to cause her significant distress and time-consuming inconvenience. This was by far the most significant financial transaction she would make in her life.

- 33.5. Had there been no delays, the funds could have been invested on 20 May 2021. The delays resulted in a material loss.<sup>3</sup> She also experienced delays prior to her funds being transferred.
- 33.6. Mrs I requested an award for the financial loss she had suffered along with interest at 8% per annum and she also requested an award for the significant distress and inconvenience she had experienced.
34. The following day, the Administrator emailed Mrs I to acknowledge her email and informed her that her complaint would be investigated thoroughly.
35. On 25 June 2021, the Administrator responded to Mrs I's complaint. It provided a timeline of the events that occurred after Mrs I's funds were transferred to Aegon on 18 May 2021, and said in summary:-
- 35.1. Her transfer was completed within the three-month guaranteed period on the CETV illustration.
- 35.2. In the afternoon of 19 May 2021, it received an email from Aegon, requesting further information. Upon receipt of this email, a general case was raised the following day. Such requests usually had an SLA of five working days. So, to satisfy the SLA, a response needed to be sent to Aegon by 26 May 2021.
- 35.3. Unfortunately, the case fell into a small backlog and was only brought to the Administrator's attention following a telephone call from Aegon, on 28 May 2021.
- 35.4. Although every attempt was made to complete all works within the SLA, the SLAs were indicative and not guaranteed, as there were occasions when a case may not be completed within this time frame.
- 35.5. The outstanding information was sent to Aegon on 28 May 2021, and Aegon confirmed that Mrs I's funds were invested on 1 June 2021.
- 35.6. It had reviewed all documentation it held on file and found no evidence that Aegon had previously requested this information. So, 19 May 2021 was the first time that Aegon had requested this information.
- 35.7. It appreciated that any financial loss could be frustrating. Although Aegon's request was not answered within the SLA, the SLA was not a guaranteed timeframe.
- 35.8. It was unable to accept that it had been responsible for any financial loss Mrs I had incurred during this period.
36. Subsequently, there were further exchanges between Mrs I and the Administrator, between 29 June 2021 and 21 July 2021, concerning:-

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<sup>3</sup> Mrs I provided her calculation of her loss and this amounted to £33,981.33.

- 36.1. The loss she believed she suffered because of the delay in her transferred funds being reinvested.
  - 36.2. The reason why the Administrator believed it was not responsible for any loss she had suffered.
  - 36.3. The poor service she had received from the Administrator.
  - 36.4. Her transfer being completed as a buddy transfer.
37. Mrs I lodged her complaint with the Pensions Ombudsman on 3 September 2021.

### **Summary of Mrs I's position**

38. Mrs I said that as a result of the delays in completing her buddy transfer and the reinvestment of her transferred funds, she suffered a financial loss. It was her view that either the Administrator, Aegon or both was responsible for the loss she incurred. Mrs I also asserted that she had suffered distress and inconvenience as a result of these delays.

### **Summary of the Administrator's Position**

39. The Administrator said in summary:-
- 39.1. On 19 May 2021, Aegon urgently asked it to provide Mrs I's A-Day accrued pension amount, A-Day tax-free cash amount and to confirm if Mrs I had a low pension age so that it could apply the transfer monies for Mrs I and her colleague. This was after Aegon had sent the relevant transfer forms to it, confirming that Aegon could accept the transferred funds from the Scheme.
  - 39.2. The information requested by Aegon was not information that the Administrator would provide unprompted in the case of a buddy or block transfer. Additionally, it did not believe that Aegon had explained why this information was required to enable it to invest Mrs I's transferred funds.
  - 39.3. It was of the opinion that the requested information should not have delayed Mrs I's funds being invested by Aegon. Having reviewed Mrs I's record, it noted that Aegon did not request the information before 19 May 2021.
  - 39.4. It also believed that if this information was required in order to allow Mrs I's funds to be invested by Aegon, it would have been reasonable for Aegon to have requested it when it sent the transfer request on 1 April 2021, and not wait until the day of receipt of the funds.
  - 39.5. While Aegon's email was not responded to within five working days, it reaffirmed that SLAs were a target level of service agreed between it and its client (the trustee of the Scheme), rather than a guaranteed level of service which could be enforced by either a client or a member.



- 39.6. In this case, it believed that the information was provided to Aegon within a reasonable timeframe, albeit outside of the SLA with the client.
  - 39.7. In its view, the information requested by Aegon on 19 May 2021, was not information to which the answers may have prevented the transfer from proceeding. So, the delayed investment of the transfer monies by Aegon was unnecessary.
  - 39.8. Furthermore, it considered it provided the information within a reasonable timeframe, given such a late request by Aegon for information it considered to be pertinent. As such, it should not be held responsible for any loss Mrs I may have experienced by the delayed investment by Aegon.
40. Although not a party to the complaint, Aegon confirmed the following:-
- 40.1. This transfer was a buddy transfer with another client transferring from the same ceding provider. The members transferred as a buddy to allow them to keep any protection rights they had on their current plan upon completion of the transfer.
  - 40.2. In this case Mrs I had protections. Before it could apply the funds received, it needed clarity on exactly what those protections were, as this information was not provided when the funds were sent.
  - 40.3. Mrs I had protected retirement age. Had it not asked for this additional information before investing the funds, the protection would have been lost on that transfer.
  - 40.4. It was not its process to request protection details before the transfer had completed, as it would not know if there were protections, or what those protections were.
  - 40.5. It was standard industry practice that on completion of any transfer, the transferring company provided a confirmation of settlement. This was expected to, and usually did, include details of any protection or benefits to be retained.
  - 40.6. In its letter of 1 April 2021 to the Administrator it said: "Please supply all required information regarding the benefits transferred... at the time of transfer."

## **Conclusions**

41. Mrs I's complaint concerns the delays she experienced in relation to the transfer of her benefits from the Scheme and the reinvestment of the transferred value. She asserts that she has incurred a financial loss as a result of the delays and that she has also suffered distress and inconvenience.
42. I note that in her submissions to The Pensions Ombudsman Mrs I asserted that either the Administrator, Aegon or both was responsible for the loss she suffered, as a result of the delays in relation to the transfer and reinvestment of her funds. However,

as Aegon is not a party to this complaint, I have not investigated Aegon's actions in relation to the issues Mrs I has complained about. I have only considered the Administrator's actions, and whether or not there was any maladministration on the part of the Administrator that resulted in Mrs I suffering a financial loss or non-financial injustice.

43. There is no dispute that Mrs I's transfer of her benefits from the Scheme was a buddy transfer. What is disputed is the length of time the transfer took to be completed.
44. After consideration of Mrs I's complaint, I find that there were three periods of delay. I will give my finding on each period in turn below.

#### **Prior to the non-guaranteed CETV illustration being sent to Mrs I**

45. On 4 February 2021, Mrs I paid the required fee to enable the non-guaranteed CETV illustration to be sent to her. The Administrator has an SLA of five to ten working days to fulfil such requests. The Administrator sent Mrs I the non-guaranteed CETV illustration on 12 February 2021. This was within its SLA.
46. I find there was no maladministration or undue delay by the Administrator following Mrs I's request for a non-guaranteed CETV illustration.

#### **Subsequent to the guaranteed CETV illustration being sent to Mrs I**

47. Aegon emailed Mrs I's transfer request to the Administrator on 1 April 2021. The Administrator said that it had not received the April Email. However, on 10 April 2021, Mrs I forwarded a copy of the April Email to the Administrator and the Administrator confirmed receipt.
48. Section 99 of the Pension Schemes Act 1993 (**the 1993 Act**), prescribes that if a Trustee or administrator/manager of a pension scheme receives a request from a member to transfer their benefits to an alternative pension arrangement, the transfer must be completed within six months from the date of the request.<sup>4</sup>
49. As Aegon had originally sent Mrs I's transfer request on 1 April 2021, the Administrator had until 1 October 2021 to complete Mrs I's transfer.
50. The transfer was completed on 18 May 2021. I note that Mrs I had stressed the urgency of the transfer and that she had wanted the transfer to be completed sooner than it had been. However, before trustees or administrators of a scheme complete transfers, they are required to complete certain due diligence.
51. I consider there were no undue delays by the Administrator in relation to the transfer of Mrs I's benefits. The transfer was not only completed within the CETV illustration's guaranteed period, it was also completed within the timeframe prescribed in the 1993 Act. I find that there was no maladministration by the Administrator in this regard.

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<sup>4</sup> <https://www.legislation.gov.uk/ukpga/1993/48/section/99>

52. I appreciate that Mrs I had contacted the Administrator on several occasions for updates during the period she was awaiting the transfer of her benefits, and that on some occasions during this period her emails were not responded to, or her telephone calls were not returned. I also note that she was anxious to have her transfer completed as it was a buddy transfer. However, I note that the Administrator had apologised to Mrs I for the poor customer service she had received at times.
53. I find an apology was sufficient in the circumstances, and do not consider that the Administrator should make an award to Mrs I for the poor service it had occasionally provided to her.

### **The re-investment of Mrs I's transferred funds**

54. Mrs I asserts that she incurred a financial loss because of the delay in the Administrator responding to further queries from Aegon, and this resulted in her funds being reinvested at a later date than they should otherwise have been.
55. The Administrator has said that the further information requested by Aegon, in its email of 19 May 2021, was not information it would provide unprompted in the case of a buddy transfer. Aegon has said that it is not its process to request protection details before the transfer has completed, as it would not know if there were protections, or what those protections were. It was standard industry practice that on completion of any transfer the transferring company provided a confirmation of settlement. Aegon said that this would normally, and usually, included details of any protection or benefits to be retained.
56. I find that as Aegon was aware that it was a buddy transfer and that it would require details of the protections before being able to invest the funds, it would have been prudent for Aegon to have requested this information earlier than it did. I consider it would have been reasonable for Aegon to have requested information relating to any protection details, while it was awaiting the transfer to be completed, to ensure that Mrs I's funds were invested at the earliest opportunity. The Administrator cannot be held responsible for Aegon not doing so.
57. The Administrator would not have been aware that Aegon required the additional information before the transferred funds could be invested.
58. I find there was no maladministration on the part of the Administrator by it not providing the information Aegon had requested in its email of 19 May 2021, prior to Aegon's request for such information.
59. The Administrator has explained that the SLA to respond to a query such as the one received from Aegon on 19 May 2021, was five working days. This means that had the Administrator provided the information within its SLA, the latest date that it would have had to have provided the response to Aegon was 26 May 2021.
60. It is disappointing that the Administrator did not reply to Aegon's 19 May 2021 email within its SLA. However, it is important to remember that an SLA is an internal

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measure. It is not regulatory nor guaranteed. So, while the Administrator could have provided the information to Aegon earlier than it did, had it not been for the small back log, I do not find that the two-day delay in the Administrator replying to Aegon's 19 May 2021 email was excessive.

61. I do not uphold Mrs I's complaint.

**Anthony Arter CBE**

Deputy Pensions Ombudsman  
23 April 2024