

## Ombudsman's Determination

Applicant	Ms D
Scheme	Scottish Friendly Assurance Society Personal Pension Policy ( <b>the Policy</b> )
Respondents	Scottish Friendly Assurance Society Limited ( <b>the Administrator</b> )

### Outcome

1. Ms D's complaint is upheld and, to put matters right, the Administrator shall make good any financial loss it has caused Ms D. In addition, the Administrator shall pay Ms D £1,000 for the serious distress and inconvenience it has caused her.

### Complaint summary

2. Ms D has complained about the service provided, and delays caused, by the Administrator during the transfer of the Policy. She says:-
  - She provided identification documents (**ID**) on 13 December 2021 to transfer her former spouse's pension with the Policy into her name. However, her ID documents were lost, and the Administrator did not locate them until 21 February 2022.
  - She was unable to formally request the transfer of the Policy to PensionBee due to the delay, as it was not put into her name until 8 March 2022.
  - She has claimed that this resulted in a substantial loss in the value of the Policy, and she would like to be compensated for the financial loss suffered and for the distress and inconvenience caused.

### Background information. Including submissions from the parties

3. The sequence of events is not in dispute, so I have only set out the salient points. I acknowledge there were other exchanges of information between all the parties.
4. On 17 May 2021, the Administrator received a Pension Sharing Order (**the PSO**) from Rowberry Morris Solicitors (**the Solicitor**), who were acting on behalf of Ms D's former spouse.

5. On 20 May 2021, the Administrator sent an email to the Solicitor. It quoted the value of the pension fund to be £44,524.96 as of 19 May 2021. It also requested ID documents for Ms D.
6. On 20 August 2021, the Administrator received the Pension Sharing Annex and the Decree Absolute from the Solicitor. The Pension Sharing Annex stated that 100% of the pension was to be transferred to Ms D.
7. On 25 August 2021, the Administrator sent a letter to the Solicitor and said that it required ID documents from Ms D.
8. On 27 August 2021, the Administrator received an email from the Solicitor advising that it did not act for Ms D and that she needed to be contacted separately.
9. On 9 September 2021, the Administrator sent a letter to Ms D which was incorrectly dated 8 November 2019. It requested ID documents from Ms D. The letter also said:-

“Please note that there is no pension sharing fee required, however you must transfer all awarded benefits to another provider. This is because we are a closed book of business and not open to any new business.

We will therefore also require information on where the benefits are to be transferred to.

Please note we will not chase for this documentation/information.”
10. On 13 December 2022, the Administrator received a recorded delivery from Ms D, which included her ID and proof of address documents. She also requested information about the Policy, as she needed to find a suitable scheme to transfer to and complete the transfer forms.
11. On 27 January 2022, Ms D telephoned the Administrator as she had not received any updates. The Administrator informed Ms D that it had not received her ID documents. As the Policy was not in Ms D’s name, it was not able to liaise with her about it during the phone call.
12. On the same day, Ms D raised a formal complaint through the Administrator’s website. She also provided proof that her ID documents were delivered on 13 December 2021.
13. On 5 February 2022, Ms D sent another complaint through the Administrator’s website, as her ID documents were still missing.
14. On 7 February 2022, the Administrator acknowledged Ms D’s complaint and advised that it had been passed to the relevant team. It also confirmed that it was unable to locate her ID documents on its internal system, but that it would go through all the documents that were received in the office on 13 December 2021 to locate them.
15. On the same day, Ms D approached PensionBee about arranging the transfer of another pension policy from Aegon.

16. On 14 February 2022, the Administrator said that it had not completed its investigation. It said it would contact Ms D again within the next four weeks.
17. On 15 February 2022, Ms D approached PensionBee about arranging the transfer of the Policy from the Administrator.
18. On 18 February 2022, the Administrator received a request for information in relation to the Policy and transfer forms from PensionBee. The request also included an authorisation letter from Ms D, which authorised PensionBee to request information about the Policy from the Administrator.
19. On 20 February 2022, Ms D contacted the Administrator again and expressed her dissatisfaction with how long it was taking to locate her missing ID documents.
20. On 21 February 2022, the Administrator sent an email to Ms D advising that it was in the process of locating her missing ID documents and that it would provide an update at the end of the day.
21. On the same day, the Administrator located Ms D's ID documents. It sent an email to Ms D and confirmed this. It also returned the documents to her.
22. On 26 February 2022, Ms D sent an email to the Administrator explaining that she was unhappy with the delays to the transfer of the Policy to PensionBee.
23. On 7 March 2022, the Administrator responded to Ms D and said it was yet to complete its investigation of her complaint.
24. On the same day, Ms D contacted the Administrator again to ask for a senior manager to contact her, as she was unhappy with the delays in responding to her queries and the delays to the transfer of the Policy.
25. On 8 March 2022, the Administrator provided Ms D with information in relation to the Policy, which stated the value to be £45,782.88 as of 6 March 2022. It also confirmed it had updated its records to reflect the PSO and provided the transfer forms.
26. On the same day, Ms D sent an email to the Administrator and said she was unhappy that it had taken 16 days to reply to PensionBee. She claimed that the Administrator was deliberately causing a delay.
27. The Administrator responded to Ms D on the same day. It said it had not received a transfer request from PensionBee, and that the information she had been given was incorrect. It also said that Ms D had not informed the Administrator that it could provide information to PensionBee. It confirmed that the details of the Policy had been issued to PensionBee.
28. On the same day, the Administrator issued the Policy information and the transfer forms to PensionBee.
29. Ms D sent a second email to the Administrator on the same day. She said that PensionBee's first step for requesting a transfer was to ask for information about the

Policy. She also asked when the Administrator had provided the information to PensionBee.

30. On 9 March 2022, Ms D contacted the Administrator again and asked for confirmation of when the Policy information was sent to PensionBee.
31. On 10 March 2022, the Administrator received a formal request from PensionBee, for the transfer of the Policy.
32. On the same day, the Administrator responded to Ms D and said it had provided PensionBee with information about the Policy on 8 March 2022 by email.
33. On 21 March 2022, the Administrator transferred the Policy to Pension Bee. The value of the transfer payment was £45,760.51 and the price date was set to 10 March 2022.
34. On 23 March 2022, PensionBee received the transfer payment from the Administrator.
35. On 4 April 2022, the Administrator issued its final response to Ms D's complaint. It agreed that there had been a gross administration error and upheld her complaint. It offered a compensation payment of £150.
36. Ms D responded to the Administrator on the same day. She said its response did not address her complaint in full. She also requested a statement with the fund values over the time taken to complete the transfer.
37. On 7 April 2022, the Administrator responded to Ms D and said that it was unable to provide a statement. It also said it would be unable to compensate Ms D for any alleged investment loss as there were no delays in the processing of the transfer.
38. Ms D responded to the Administrator on the same day and said that she was still unhappy, and that she would not accept the offer. She made a second request for a statement that showed the value of her funds over time.
39. On 8 April 2022, Ms D followed up her previous emails and said that she disagreed with the Administrator's statements. Ms D said the Administrator caused a significant delay by preventing her from initiating the transfer, as it did not provide the necessary information when it was first requested.
40. On 14 April 2022, Ms D contacted the Administrator again as she had not received responses to her previous emails.
41. On 15 April 2022, the Administrator responded to Ms D's emails. It said that it was currently working to a ten working days timescale for responding to and administering Policy requests. It explained that it generally only provides statements on an annual basis and that it is unable to provide a statement with the daily values of the Policy. However, it said it would provide an ad-hoc statement for the period from December 2021 to February 2022, by 21 April 2022.

42. On 20 April 2022, Ms D contacted the Administrator again upon receiving the ad-hoc statement. She said that the statement shows that there was a reduction in the value of the Policy during the time of the delay.
43. On 21 April 2022, Ms D noted that the Administrator had not provided a confirmation that the PSO was implemented with details about her pension.
44. On 25 April 2022, the Administrator responded to Ms D's emails. It confirmed that its records had been updated to reflect the PSO. The date that was used as the date the pension was transferred into Ms D's name was 13 December 2021. It reiterated the points it had previously made regarding her complaint. However, it said it would increase the compensation for the distress and inconvenience caused to £250 to resolve the matter.
45. On 1 May 2022, Ms D responded to the Administrator and said she expected a manager to look at her complaint as she was still unhappy with how her complaint had been investigated.
46. On 5 May 2022, the Administrator responded to Ms D's email. It said it was willing to increase the award offered for the distress and inconvenience caused to £500, but it would not be providing any additional redress.
47. On 12 July 2022, Ms D brought her complaint to The Pensions Ombudsman (**TPO**).

**Summary of Ms D's position:-**

- The Administrator mishandled the PSO. She provided the necessary ID documents for the implementation of the PSO by recorded delivery on 13 December 2021. The Administrator was unable to locate her ID documents, which delayed the process of changing the Policy into her name.
- She was informed that she was required to transfer all awarded benefits to another provider, because the Administrator was not open to new customers. As a result of the delay with the implementation of the PSO, she was unable to carry out the transfer of the Policy to PensionBee earlier.
- The Administrator refused to provide information regarding the Policy and move her funds into cash before the Policy was in her name, which prevented her from progressing the transfer. The Policy was updated according to the PSO and changed into her name on 8 March 2022, and she was only then provided with the Policy information that she needed to progress the transfer.
- She claims the delay resulted in a significant drop in the value of the Policy and she would like to be compensated for the financial loss.
- The Administrator caused her distress and inconvenience by misplacing her ID documents. She said that the Administrator failed to complete a timely search for the lost ID documents. She would like to be adequately compensated for this and for the poor service provided throughout the transfer process.

### **Summary of the Administrator's position:-**

- It was unacceptable that it failed to scan the ID documents. This error meant that it did not update its records.
- There was also a delay in locating these documents. Ms D provided proof of delivery on 27 January 2022. However, the Administrator took until 21 February 2022 to locate them. This resulted in the Administrator not confirming that it had updated its records appropriately until 8 March 2022.
- It received a request for the Policy information from PensionBee on 18 February 2022, and it responded to the request on 8 March 2022, which was three working days outside its standard processing timescales of ten working days.
- The transfer was completed in a timely manner once the request was received on 10 March 2022. It used this date to calculate the value of the Policy and the amount transferred to PensionBee was correct.
- It would be hypothetical to consider the transfer request received at an earlier date than 10 March 2022.
- It increased the award offered for the distress and inconvenience caused to £500. It would not provide any additional redress with regards to Ms D's request for compensation for the drop in the value of her funds from 13 December 2021 onwards.

### **Caseworker's Opinion**

48. Ms D's complaint was considered by one of our Caseworkers who concluded that there had been maladministration which had potentially caused Ms D financial loss. The Caseworker's findings are summarised below:-

- The Administrator's failure to implement the PSO in a timely manner was maladministration. Although, Section 34 of the Welfare Reform and Pensions Act 1999 allows the Administrator four months from the date all relevant information is received to implement the PSO, the delays caused in this instance were, in the Caseworker's view, unreasonable. The Administrator failed to scan Ms D's ID documents, which meant that it failed to acknowledge receipt of the documents or implement the PSO in a timely manner. Furthermore, it delayed locating the ID documents until 21 February 2022, despite having received proof of delivery from Ms D on 27 January 2022, which further delayed the implementation of the PSO.
- Although the Administrator did complete the transfer of Ms D's pension within its normal timescales once the transfer request was received, the Caseworker was of the view that Ms D would have been able to arrange a formal transfer request sooner, had the Administrator implemented the PSO within a reasonable timeframe after receiving the ID documents.

- The Administrator instructed Ms D to transfer the Policy in the letter that was sent on 9 September 2021. Ms D followed up this instruction and requested Policy information and transfer forms. She made repeated efforts to receive the Policy information and she acted with haste to arrange the transfer once the PSO was implemented, as the formal transfer request was sent shortly after this. The Caseworker was satisfied that it was Ms D's intention all along to transfer the Policy to a different pension provider as soon as possible, and that she would have acted promptly to arrange the transfer had the maladministration not occurred.
  - Ms D's first contact with PensionBee was on 7 February 2022, when she arranged for a different pension policy to be transferred to it. The Caseworker therefore considered it reasonable to assume that Ms D would have been ready to arrange the transfer of the Policy as well on 7 February 2022. This would mean that the transfer of Ms D's Policy should reasonably have been completed by 9 March 2022 as opposed to 21 March 2022, and so the Caseworker said that the Administrator should establish whether Ms D has been disadvantaged as a result of the delay.
  - Ms D also said that the Administrator refused to carry out her request to transfer the fund into cash before the implementation of the PSO. As the Administrator was unable to carry out this request before the Policy was put in Ms D's name, the Caseworker did not consider that there was any maladministration in respect of this.
  - The Caseworker was of the opinion that the distress and inconvenience caused by the maladministration was serious. The Administrator delayed searching for Ms D's ID documents between 27 January 2022 and 21 February 2022, even though it was provided with proof of delivery by Ms D. This action unnecessarily delayed the implementation of the PSO further by several weeks. The Caseworker recognised that this would have been particularly stressful for Ms D, as the ID documentation contained sensitive and personal information.
  - To put matters right, the Caseworker recommended that the Administrator should contact PensionBee and ask it to calculate the notional current fund value, on the basis that the transfer request would have been received on 28 February 2022 and that the transfer payment would have been paid seven working days later on 9 March 2022. The Administrator should compare this with the actual current fund value and pay the difference into the receiving scheme if a shortfall is identified. It should also make a payment of £1,000 to Ms D in recognition of the serious distress and inconvenience caused.
49. The Administrator disagreed with the level of redress awarded for the distress and inconvenience caused. It said that it believed the figure to be excessive for the faults which occurred. The Administrator did not make any comments regarding the Caseworker's recommendation to carry out a financial loss calculation. The complaint was passed to me to consider, and I agree with the Caseworker's Opinion.

## **Ombudsman's decision**

50. Ms D has complained that the Administrator caused delays in the transfer of the Policy to PensionBee following the PSO. Ms D has said that the Administrator failed to carry out the PSO in a timely manner, despite having received the necessary ID documents on 13 December 2021. She was unable to formally request the transfer of the Policy due to the delay, as the Policy was not put into her name until 8 March 2022. She wants to be compensated for the financial loss suffered due to the delay and for the distress and inconvenience caused.
51. The Administrator has accepted that it caused a delay in implementing the PSO due to a gross administration error. I agree with the Caseworker that the failure to implement the PSO in a timely manner was maladministration. As maladministration has occurred, the normal course of action would be, as far as possible, to put Ms D back in the position she would have been in had the maladministration not occurred.
52. I accept that it is impossible to establish, with certainty, exactly what action Ms D would have taken had the PSO been implemented by the Administrator in a timely manner. However, based on Ms D's actions during the PSO implementation and transfer process, and considering that it was the Administrator's instruction all along to transfer the Policy, I accept Ms D's argument. On the balance of probabilities, I find that Ms D would have arranged for the transfer of the Policy earlier had the maladministration not occurred.
53. Upon reviewing the sequence of events, I find that, but for the accepted maladministration, Ms D would have been able to request the transfer of the Policy on 28 February 2022. Ms D has evidenced that her initial contact with PensionBee was on 7 February 2022. I find it reasonable therefore to assume that she would have been ready to initiate the transfer of the Policy on this date had the errors not occurred. As the transfer request would have been made on 28 February 2022, as opposed to 10 March 2022, I find that the Administrator must take responsibility for this delay and establish whether Ms D has been disadvantaged as a result.
54. The Administrator has stated that it believed the level of redress awarded for distress and inconvenience caused, to be excessive for the faults which occurred. An award for non-financial injustice will usually fall into the category of "serious" where there have been several errors and where the respondent was slow to put matters right.
55. It is clear that there were avoidable errors by the Administrator which, coupled with the poor standard of service in locating the missing ID documents, amount to maladministration. The Administrator was provided with evidence that the necessary ID documents were received, and yet it was slow to locate the documents, which unnecessarily, further delayed the transfer of the Policy by several weeks. I agree with the Caseworker that this would have been particularly stressful for Ms D, as the ID documents contained sensitive and personal information. For these reasons, I agree with the Caseworker's Opinion that the Administrator's maladministration



caused Ms D to suffer serious distress and inconvenience. In recognition of this, the Administrator shall pay Ms D £1,000.

56. I uphold Ms D's complaint.

## **Directions**

57. To put matters right, the Administrator shall, within 28 days of the date of this Determination:

- (i) establish with PensionBee the actual number of units the delayed transfer purchased and compare it with the notional number of units that the transfer would have purchased if there had been no delay. This calculation should be carried out on the basis that the transfer request would have been received on 28 February 2022 and that the transfer would have been paid seven working days later on 9 March 2022;
- (ii) pay any reasonable administration fee should PensionsBee charge a fee for carrying out the above calculation;
- (iii) pay Ms D £1,000 for the serious distress and inconvenience she has suffered.

58. If a unit shortfall is identified, the Administrator shall pay the costs of purchasing any additional units required to make up the shortfall within 14 days of receiving confirmation of the shortfall. If there is no shortfall, no further action need be taken in respect of the purchase of additional units.

**Anthony Arter CBE**

Deputy Pensions Ombudsman  
15 April 2024

## **Appendix**

### **The Welfare Reform and Pensions Act 1999**

#### **Section 34**

##### **“Implementation period”**

(1) For the purposes of this Chapter, the implementation period for a pension credit is the period of 4 months beginning with the later of—

(a) the day on which the relevant order or provision takes effect, and

(b) the first day on which the person responsible for the pension arrangement to which the relevant order or provision relates is in receipt of—

(i) the relevant F1... documents, and

(ii) such information relating to the transferor and transferee as the Secretary of State may prescribe by regulations.