

Ombudsman's Determination

Applicant	The Estate of the late Mr N (the Estate)
Schemes	Hargreaves Lansdown SIPP (the SIPP) & Prudential Staff Pension Scheme (the Scheme)
Respondents	Hargreaves Lansdown Asset Management Ltd (Hargreaves Lansdown), the trustees of the Scheme (the Trustees) and AON

Outcome

1. I do not uphold the Estate's complaint and no further action is required by Hargreaves Lansdown, the Trustees and AON.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. The Estate's complaint against Hargreaves Lansdown, the Trustees and AON is about the delay in the completion of the late Mr N's transfer request.

Background information, including submissions from the parties

4. Mr N had deferred benefits under Scheme, which is administrated by AON.
5. On 10 April 2014, in a letter to Mr N, AON gave details of the transfer value of his benefits from the Scheme and set out its contact details as: The Prudential Staff Pension Scheme Defined Benefit Section, Aon Hewitt Scanning Division, PO Box 196, Huddersfield, HD8 1EG; and email as pspsd@aonhewitt.com.
6. In August 2014, Mr N made enquiries with Hargreaves Lansdown about the transfer of his benefits from the Scheme to a small self-administered scheme (**SIPP**) with Hargreaves Lansdown. He completed a form asking for his benefits to be transferred from the Scheme to the SIPP. On the form, which was dated 10 September 2013, Mr N had put down the name and address of the administrator of the Scheme as AON Hewitt at Data Solutions Centre, Sheffield S95 1AS.
7. On 15 September 2014, Mr N sent Hargreaves Lansdown, by email, the completed application form to set up the SIPP.

8. On 17 September 2014, Hargreaves Lansdown wrote to Mr N acknowledging receipt of the completed application he had sent and informing him that it needed photocopies of two separate documents such as a current UK/EEA photo driving licence, current full UK driving licence, current full signed passport, utility bills and current bank statements.
9. On 24 September 2014, Hargreaves Lansdown sent Mr N another letter requesting once again photocopies of the documents it had asked for in its letter of 17 September 2014.
10. On 30 September 2014, Hargreaves Lansdown wrote to Mr N saying that it had received a copy of his utility bill but it was unable to accept it because it was a photograph. It asked him for a photocopy of either his passport or driving licence.
11. On 8 October 2014, Hargreaves Lansdown sent AON a signed transfer authority form to enable Mr N's benefits to be transferred to the SIPP and asked for the relevant documentation for the transfer to proceed. The letter was sent to AON at the Sheffield address.
12. At the same time, Mr N was also transferring benefits to the SIPP that he had under a personal pension plan with Friends Life.
13. On 3 November 2014, Hargreaves Lansdown wrote to Mr N confirming that the transfer of his benefits from the Friends Life's pension arrangement was completed but it was awaiting the transfer of his benefits from the Scheme.
14. Hargreaves Lansdown chased AON for a response to its letter of 8 October 2014 on 23 October and 7 November 2014.
15. On 8 November 2014, AON responded to Hargreaves Lansdown enclosing a discharge form for completion by Mr N and asking for information if the transfer was to proceed. The transfer value quoted, which was not guaranteed, was £331,295.34. The final paragraph of the letter asks that all future correspondence to the Scheme be addressed to AON Hewitt Scanning Division, PO Box 196, Huddersfield HD8 1EG.
16. On 12 November 2014, Hargreaves Lansdown wrote to Mr N enclosing a discharge form from the Scheme to complete.
17. Mr N signed the discharged form and dated it 23 November 2014.
18. On 16 December 2014, Hargreaves Lansdown wrote to Mr N confirming receipt of the discharge form. It said that it would now request the transfer monies along with the final policy confirmation details. It explained that it typically took around two weeks to receive the money and all the information required, but it would depend on the turnaround times of the current provider which could be longer.
19. Also on 16 December 2014, Hargreaves Lansdown sent the completed discharge form to AON to the Sheffield address.

20. On 2 January 2015 Mr N sadly died.
21. On 6 January 2015 in an email, Mrs N, Mr N's wife, informed Hargreaves Lansdown of Mr N death. Hargreaves Lansdown told her that the transfer from the Scheme was cancelled by AON, who had requested details of Mr N's next of kin.
22. On 13 January 2015 in an email to Mrs N, Hargreaves Lansdown said that it had passed on her details, as Mr N's next of kin, to AON. It said that AON had confirmed that as the transfer had not yet been completed, the rules of the Scheme dictated that the transfer request was cancelled.
23. The Estate made a complaint to the Trustees, Hargreaves Lansdown and AON. The complaint was dealt with under the Scheme's internal dispute resolution procedure by the Trustees and also by Hargreaves Lansdown's disputes procedure. However, neither the Trustees nor Hargreaves Lansdown upheld the complaint.
24. On 30 September 2015, in response to the Estate's complaint, AON responded as follows:
 - its service level agreement (**SLA**) with the Trustees at the time was to provide a transfer value in 15 working days;
 - it had provided transfer values for Mr Hanson on three separate occasions in 2014, over a period of seven months, and the statutory legislation only requires an occupational pension scheme to provide one guaranteed transfer value in a 12 month period;
 - it received the request from Hargreaves Lansdown for a transfer of Mr N's benefits on 15 October 2014, and it provided information about the transfer value and sent the discharge form on 8 November 2014, a delay of 2 working days;
 - whilst it acknowledged that there had been a delay in issuing an illustration on two occasions, collectively, this delay did not exceed five working days; and
 - as the discharge form from Hargreaves Lansdown was not received until 26 January 2015, there was no transfer request – a preserved pension was held by the Scheme at the date Mr N died, which means that under the Scheme rules a death benefit is payable and not a transfer.
25. Mrs N, on behalf of the Estate, has made the comments set out below.
 - It is very clear that her husband intended to transfer his benefits from the Scheme to the SIPP.
 - The Trustees state that the party responsible for the unfortunate situation is Hargreaves Lansdown in failing to send the transfer papers promptly to the correct address. If this document had been sent earlier by Hargreaves Lansdown, it would

not have been caught up in the Christmas mail and the transfer value may have been paid in late December 2014/early January 2015.

- She challenges AON's comments that the delays were minor. There were a series of delays on a number of occasions, which had a cumulative effect and overall they had an impact.
- On 1 October 2014, Hargreaves Lansdown confirmed that it was initiating the pension transfer and had requested some information from AON. AON said that it did not receive this request until 15 October, but there is no evidence of this.
- AON said that it provided Hargreaves Lansdown with the information requested on 8 November 2014, and this was only a two day delay according to its SLA; but, it is 19 days from 15 October to 8 November 2014, and therefore not a two day delay as it has claimed.
- If no delay had been experienced along the way, the whole process would have run more smoothly and quicker with the result that the signed paperwork would have been with AON in time to allow the pension transfer to take place.

26. AON's comments are set out below.

- The reason why the transfer was not completed prior to Mr N's death was that while he had signed the forms on 23 November 2014, Hargreaves Lansdown did not post it until 16 December 2014 and then it was sent to the wrong address. Consequently, it did not receive the forms until well after Mr N's death. Had the forms been sent in a more timely manner and to the correct address, it is possible that it would have been received in time for the transfer to be processed prior to Mr N's death.
- It would normally take between 5 to 10 working days to process a transfer request, but because of the high value of the fund additional checks would be required which would add another 1 to 2 working days to the process. In addition, as it was the Christmas period there could be an additional delay of 5 working days.
- Mrs N suggests that the number of days agreed between AON and the Trustees for a certain act to be completed "demonstrates the poor quality of service provided by Aon who don't appear to be able to flex the service to cope with the demand". The SLA is an agreement between it and its client, the Trustees. It cannot be enforced by any third party including the beneficiaries of the Scheme. The fact that it had agreed with the Trustees a 15 day timescale for certain acts reflects only the agreed time period and nothing further. It rejects that missing those timescales by a few days in very busy periods constitutes maladministration.
- Mrs N states that she has no evidence as to the dates of certain correspondence between it and Hargreaves Lansdown. If she would like to receive copies of the various documents, it would arrange for these to be provided.

27. The Trustees' comments are set out below.

- On 6 January 2015, it was notified of Mr N death by Hargreaves Lansdown. Although several transfer value quotations had been issued, no signed transfer forms had been received by this date. It is unable to process a transfer request before it receives the required signed documents. The discharge form was not received until 26 January 2015. As Mr N was still a member of the Scheme at the time of his death, the benefits payable are in respect of a death in deferment in accordance with the rules of the Scheme.
- Even if the transfer forms had been sent by Hargreaves Lansdown on 16 December 2014 to the correct address, it is still not possible to say that it would have been received and processed over the Christmas period before Mr N died.
- While it sympathises with Mrs N, it believes that it acted in line with its legal obligations and that the party responsible for the delay is Hargreaves Lansdown in failing to send the transfer papers promptly and to the correct address.
- It acknowledges that the service provided to Mrs N after AON was notified of Mr N's passing was poor and in recognition of this, it has offered, and Mrs N has accepted, a compensation payment of £150.

28. Hargreaves Lansdown's comments are set out below.

- It was unable to process Mr N's transfer application immediately upon receipt because it was unable to successfully verify his identity electronically. Consequently, it contacted him with a request for documentation to verify his name and address.
- It originally received the transfer application on 17 September 2014 and wrote to Mr N on the same day. It subsequently contacted him on 24 September 2014 as it had not received a response.
- On 30 September 2014, it received a photograph of a utility bill from Mr N, but Hargreaves Lansdown was unable to accept photographs of identity documents. Hargreaves Lansdown wrote to him on the same day to explain this. Later that evening, Mr N emailed Hargreaves Lansdown a scanned copy of his utility bill and Hargreaves Lansdown responded the next business day to confirm it could accept the copy he emailed.
- Mr N's application was duly processed on 8 October 2014 in line with its standard timescales.
- Hargreaves Lansdown received the discharge form from Mr N on 16 December 2014.

Adjudicator's Opinion

29. The Estate's complaint was considered by one of our Adjudicators who concluded that no further action was required by Hargreaves Lansdown, the Trustees and AON. The Adjudicator's findings are summarised briefly below:

- Hargreaves Lansdown first contacted AON on 8 October 2014 by letter addressed to AON's Sheffield address, which was provided by Mr N. Hargreaves Lansdown chased AON for a response on 23 October and 7 November 2014, but once again these letters were sent to AON's Sheffield address. As the letters were sent to an incorrect address it is understandable why there was a delay on the part of AON in not responding.
- AON sent Hargreaves Lansdown a discharge form for completion by Mr N, but Hargreaves Lansdown returned this form to AON's Sheffield address on 16 December 2014. The discharge form was not received by AON until 25 January 2015, 23 days after Mr N had died. Due to the delay in AON receiving the discharge form, Mr N was still a member of the Scheme (i.e. a deferred member) at the time he died. There is nothing to suggest that either AON or the Trustees were to blame for the delay.
- Hargreaves Lansdown received the application form on 15 September 2014 to set up the SIPP and requested photocopies of documents from Mr N to verify his identity. This took over three weeks as Mr N had initially provided a photograph instead of a photocopy of one of the documents. Hargreaves Lansdown had clearly requested photocopies and therefore, it cannot be held responsible for this delay.
- On 8 October 2014, Hargreaves Lansdown sent the transfer authority form to AON to the wrong address. This resulted in a delay in AON receiving the form. However, this address was provided by Mr N. Therefore, Hargreaves Lansdown cannot be held responsible for this delay.
- On 16 December 2014, Hargreaves Lansdown sent the discharge form to AON, once again, to the wrong address. This was maladministration because by that stage Hargreaves Lansdown were aware of AON's new address.
- The Trustees says that even if Hargreaves Lansdown had sent the discharge form to the correct address it cannot say that it would have been processed before Mr N died. In addition, due to the intervening Christmas period it would have taken between 2 to 3 days for AON to receive the discharge form. This would mean that AON would have between 7 to 8 working days to process the transfer. According to AON's timescale this process would have normally taken them between 5 to 10 working days, but because of the Christmas period and the high value of the fund (£331,295.34) another 6 to 7 working days could be added on. Therefore, even if Hargreaves Lansdown had sent the discharge form to the correct address, it

cannot be said that the transfer process could have been completed by 2 January 2015.

- Consequently, even though there was maladministration on the part of Hargreaves Lansdown there was no injustice as on the balance of probabilities AON would not have processed the transfer before Mr N died.
30. The Estate did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs N, on behalf of the Estate, has provided her further comments which do not change the outcome. I agree with the Adjudicator's Opinion, summarised above, and I will therefore only respond to the key points made by Mrs N for completeness.

Ombudsman's decision

31. Mrs N's comments, on behalf of the Estate, are set out below.
- Mr N had obtained AON's Sheffield address from the final page of the Pension Overview Prudential Staff Pension Scheme document, dated December 2013. The document made it clear that defined benefit section members should write to that address or email at PSPSDB@aonhwitt.com. Mr N had made initial enquiries with AON on 20 March 2014 by email and a subsequent exchange of correspondence took place. Therefore, the contact information must have been up to date at the time he completed the benefit transfer form on 10 September 2013.
 - Hargreaves Lansdown chased AON for a response to its letter of 8 October 2014, on 23 October and 7 November 2014. However, it is not known what method was used on these two occasions. If it was by letter to the Sheffield address, then surely there should be some means of internal mail postal service for redirecting mail. If Hargreaves Lansdown communicated by phone or email, then why did AON not advise Hargreaves Lansdown that it had not received the initial letter?
 - On 1 October 2014, Hargreaves Lansdown requested some information from AON. AON says that this request was not received until 15 October 2014. The method of communication is not known, but Hargreaves Lansdown must have been communicating to the correct address at this point.
 - On 8 November 2014, AON responded to Hargreaves Lansdown. Therefore, AON did receive the letter somehow irrespective of where Hargreaves Lansdown had sent it.
 - The discharge form was not received by AON until 26 January 2015. This form was posted incorrectly by Hargreaves Lansdown on 16 December 2014 to the Sheffield address. Why and how would it take this long even if it was sent to an incorrect address? In addition, why did Hargreaves Lansdown not chase up the lack of response to its letter of 16 December 2014?

32. I have carefully considered the points made by Mrs N and set out below my comments.

- I agree that AON's contact address on the December 2013 Pension Overview Prudential Staff Pension Scheme document shows its Sheffield address. I also accept that when Mr N completed Hargreaves Lansdown's application form in September 2013, asking for his benefits to be transferred from the Scheme to the SIPP, AON's contact address was its Sheffield address. However, Mr N did not send the application form to Hargreaves Lansdown until September 2014, a year after he had completed it, by which time AON's contact address had changed. He was advised of AON's new contact address in April 2014 when it wrote to him concerning the transfer value available under the Scheme. Therefore, he should have known before he sent Hargreaves Lansdown the application form in September 2014, that AON's address had changed.
- Hargreaves Lansdown chased AON on 23 October and 7 November 2014 by letter, for a response to its letter of 8 October 2014. As evidence of this, we have a copy of an undated letter from them addressed to AON at the Sheffield address. The letter would appear to be a standard letter chasing for a response which Hargreaves Lansdown would have sent out. However, AON has confirmed (in its response of 30 September 2015 to the Estate's complaint) that it received the letter of 8 October on 15 October 2017, before Hargreaves Lansdown sent out reminders.
- As stated above, AON received Hargreaves Lansdown's letter of 8 October 2014 on 15 October 2014. Under the SLA it had 15 working days to provide Mr N with a note of his transfer value, but it admits that it took 17 working days – a delay of two working days. While AON had in this instance exceeded the time limit as set out in its SLA with the Trustees, because the delay was only two working days, I do not believe that it would have changed the final outcome, because it is unlikely that the transfer process would have been completed before Mr N died.
- There is no record of the information requested by Hargreaves Lansdown on 1 October 2014, which is set out in its letter of 8 October 2014, received by AON on 15 October 2014.
- Between the date Hargreaves Lansdown sent the discharge form to AON and the date Mr N died, taking into account the Christmas holidays, there were nine working days (17, 18, 19, 22, 23, 24, 29, 30 and 31 December). Allowing for the possible delays in the post due to the Christmas period, I think it likely that it would have taken at least two days for AON to receive the discharge form if Hargreaves Lansdown had sent it to the correct address. This would have meant that AON would have had between seven to eight working days to process the transfer. AON says that it would normally take between five to 10 working days, but because of the high value of the transfer (the transfer value was £331,295.34)

additional checks would be required and another one to two days could be added to the process. Therefore, AON would have needed at least 6 working days, or at the most 12 working days, to complete the transfer. As AON would have had between seven to eight working days, I cannot say that on balance it could have completed the transfer before Mr N died even if Hargreaves Lansdown had sent the letter in December 2014 to the correct address.

- Hargreaves Lansdown had sent Mr N the discharge form for completion on 12 November 2014, which he signed and dated on 23 November 2014. However, Mr N took another three weeks before he sent the discharge form to Hargreaves Lansdown. If Mr N had sent the discharge form sooner to Hargreaves Lansdown, then it is possible that the transfer would have been processed before he died.

33. Therefore, I do not uphold Mrs N's complaint.

Anthony Arter

Pensions Ombudsman
11 May 2017