

## Ombudsman's Determination

Applicant	Mrs S
Scheme	HSBC (UK) Pension Scheme (the <b>Scheme</b> )
Respondents	ReAssure Ltd ( <b>ReAssure</b> ) - formerly HSBC Life (UK) Limited Transact

## Outcome

1. Mrs S' complaint is upheld against ReAssure, but not against Transact. To put matters right, ReAssure should pay £500 compensation to Mrs S, for the significant distress and inconvenience that has been caused to her.
2. My reasons for reaching this decision are explained in more detail below.

## Complaint summary

3. Mrs S' complaint about ReAssure (the ceding scheme) and Transact (the receiving scheme), is that they both contributed to delaying the transfer of her funds, which resulted in financial loss to her.

## Background information, including submissions from the parties

4. Mrs S had three plans (the **Plans**) in the Scheme, which she wanted to transfer to Transact.
5. On 25 July 2014, ReAssure received transfer forms and instructions from Transact. The covering letter said: "Please include the client reference...and the client full name. If these details are not provided, this may delay the allocation of the money to the client's account".
6. ReAssure dis-invested the Plans on 30 July 2014.
7. On 5 August 2014, the value for all the Plans (£48,418.24, £22,700.51 and £7,162.90) were transferred to Transact. On the same day, ReAssure says that it wrote to both Mrs S and Transact, to inform them of the transfer. ReAssure says that the letters to Transact were sent by first class post, and those to Mrs S were sent by second class post.

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8. On 15 August 2014, as Transact could not identify if it had received the transfer funds, it called ReAssure to enquire about the transfer. Transact says ReAssure asked it to call back on 18 August 2014.
9. On 17 August 2014, Mrs S received transfer confirmation letters from ReAssure, saying that the transfers had been completed on 5 August 2014. Mrs S' adviser called Transact, but it said that no transfer funds were showing as received.
10. On 19 August 2014, Transact says that it called ReAssure again and asked for details of the transfer. On 22 August 2014, Transact received details of the transfer from ReAssure and, on 27 August 2014, the transfer funds were matched up and invested in Mrs S' portfolio.
11. Mrs S complained to ReAssure about the delayed transfer on 26 February 2015.
12. On 4 March 2015, ReAssure replied saying that it was not responsible for reinvesting the transfer funds once it they had been sent to Transact.
13. In its response of 1 April 2015, ReAssure referred to the transfer discharge form which said "we can only proceed once all of our requirements have been received...under normal circumstances, the transfer payment should be with your new provider within 15 working days".
14. ReAssure said that the transfer funds were paid on 5 August 2014 quoting the reference number stated by ReAssure. ReAssure says that it wrote to Transact and Mrs S on 5 August 2014 to confirm the transfer. This was within its timescale of 15 working days.
15. ReAssure confirmed that Transact called on 15 August 2014, to follow up the transfer, but says that it provided details of the transferred amounts to Transact. It also said that Transact called again on 18 August 2014 to find out if the transfer funds had been sent and on what date. ReAssure said that it had promised to call Transact back within 48 hours and apologised that it failed to do so. However, ReAssure says that a breakdown of the transfer funds was provided during a telephone call with Transact on 27 August 2014.
16. ReAssure maintained that the transfer was completed within the above timescales and it did not consider that compensation was appropriate.
17. In Transact's response to the complaint dated 22 April 2015, it said that it expected ceding schemes to follow its transfer instructions, and provide sufficient detail, so that client funds can be swiftly allocated. If insufficient details are provided with a cash deposit, Transact said that it will wait until receipt of written confirmation of the transfer. If that is not received, it will then try to manually reconcile the transfer funds by contacting the payee.
18. Transact said that the transfer funds were received on 5 August 2014, but ReAssure failed to comply with its instructions to include the client's reference number and full

name. Transact said that it did not receive the transfer confirmation letters, but that it contacted ReAssure on Friday 15 August 2014 to chase the transfer funds. It said that ReAssure provided transfer details of a different plan holder, refused to provide any details about Mrs S' transfer, and told Transact to call back on 18 August 2014.

19. Transact said that it called ReAssure again, on 19 August 2014, for the outstanding details. It eventually received a response from ReAssure on 22 August 2014, but there was a slight delay until 27 August 2014, when the transfer funds were reconciled to Mrs S' portfolio.
20. Transact said that if ReAssure had provided the transfer details and references on 15 August 2014, the transfer funds could have been reconciled on the same day, and then invested on 19 August 2014. Transact admitted that it could have pushed ReAssure for more information on 15 August 2014. Based on a comparison of the unit prices on 27 August 2014 and 19 August 2014, Transact said that Mrs S had suffered a loss of £795.48. Transact paid this amount as compensation.
21. Mrs S remained unhappy and brought her complaint to us.
22. ReAssure says that all the values for the Plans were paid on 5 August 2014, quoting the reference number. It says that Transact did not stipulate how and where the reference number should be marked. ReAssure has provided payment records showing the required reference number was input into the account name field. The credit reference field was populated with HSBC's own reference number. It says that it posted transfer confirmation letters to both Transact and Mrs S on 5 August 2017, and it cannot be held responsible for non-delivery. Footer text on the scanned copies of the transfer confirmation letters provided to us, indicate that a copy was sent to the addressee, in the case of Mrs S, and 'head-office' in the case of Transact. ReAssure says that the footer text is not an indication of what was sent and where.
23. Transact says that ReAssure did not input the Transact reference number in the correct field, or include the client name on the payment instruction. Rather, ReAssure entered the reference number into the beneficiary name field, which is not disclosed to the payee on the online banking system. Transact says that these errors, in addition to the missing confirmation letters, prevented it from reconciling the transfer funds on receipt.

### **Adjudicator's Opinion**

24. Mrs S' complaint was considered by one of our Adjudicators, who concluded that further action was required by ReAssure. The Adjudicator's findings are summarised briefly below:-
  - Transact did not specify in which field ReAssure should input the transfer reference number, but the expectation was that ReAssure would add the Transact reference number to the 'credit reference' field.

- ReAssure made an error by adding the Transact reference number to the 'account name' field. This meant that Transact was unable to identify in good time that the transfer funds related to Mrs S. This error by ReAssure amounts to maladministration.
  - The footer text on the copies of the transfer confirmation letters indicate that the letters addressed to Mrs S and Transact were treated differently: those addressed to Mrs S appear to have been sent to the addressee, while those for Transact appear to have been sent to 'head-office' and not the addressee. ReAssure has not sufficiently explained this discrepancy. On balance, the weight of evidence supports the possibility that the transfer confirmation letters were not sent to Transact.
  - The maladministration by ReAssure contributed directly to the delay by Transact in identifying the transfer funds. There is no further financial loss to address but Mrs S has experienced significant distress and inconvenience due to the missing funds.
  - ReAssure should pay £500 to Mrs S for the distress and inconvenience caused to her.
25. ReAssure did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. ReAssure provided its further comments but these 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 ReAssure for completeness.

### **Ombudsman's decision**

26. ReAssure says that the footer text relates to the scanning and imaging of documents, and has nothing to do with where the letters were sent, to whom, or as to whether they were sent or not. Even if the letters were not sent, Transact should have been able to process the transfer payments with the information provided, which included Transact's references; if it could not, then it should have contacted ReAssure immediately upon receipt of the payments to ask for more information.
27. The Adjudicator considered the complaint and reached a view, on the balance of probabilities, concerning the issue of the transfer confirmation letters. There is no clear evidence about what happened to the letters that were addressed to Transact, but I agree that it would be unusual for all the letters to go missing. In any event, I do not have to reach a finding on this point as I am satisfied that ReAssure's actions, with the way in which the Transact reference numbers were dealt with, contributed to the delay in identifying the transfer funds.
28. In its instruction to ReAssure, Transact termed the 'Account Name' for the transfer the "Transact Client Account". It also asked ReAssure to include the Transact reference number and the client full name. Instead, ReAssure added the Transact

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reference number to the 'Account Name' field, quoted its own reference in the 'Credit Reference' field, and failed to include Mrs S' full name in the transfer.

29. Transact did not state in which field to quote the Transact reference, but it could not have done so as it would have needed prior knowledge of the payment instruction forms used by ReAssure. In truth, it is ReAssure's responsibility as the payer, to ensure that the reference is quoted in the most appropriate section when sending payment. Generally, unless the payment instruction form is supplied by the payee, the instruction merely asks the payer to quote the supplied reference. It is then for the payer to identify the appropriate field.
30. When faced with a choice of 'Account Name' and 'Credit Reference' fields, I think that it is reasonable to quote the appropriate details in those fields i.e. the Transact reference number in the 'Credit Reference' field and "Transact Client Account" in the 'Account Name' field. I agree with the Adjudicator that this error affected Transact's ability to identify and allocate the transfer funds.
31. ReAssure also questions why Transact did not contact it earlier to follow up the transfer. In fact, Transact called ReAssure on 15 and 18 August 2014, but it appears that it did not receive a full response. ReAssure promised to call Transact back within 48 hours but failed to do so. Therefore, I do not agree that an earlier call would have made a significant difference.
32. Therefore, I uphold Mrs S' complaint against ReAssure.

## **Directions**

33. Within 21 days of the date of this Determination, ReAssure is to pay £500 to Mrs S in respect of the significant distress and inconvenience caused by its maladministration.

**Anthony Arter**

Pensions Ombudsman  
18 July 2017