

Ombudsman's Determination

Applicant	Mr E
Scheme	Credit Suisse Group (UK) Pension Fund (the Fund)
Respondents	Credit Suisse First Boston Trustees Ltd (the Trustee) Fidelity

Outcome

1. I do not uphold Mr E's complaint and no further action is required by the Trustee and Fidelity.

Complaint summary

2. Mr E has complained that Fidelity failed to provide information to his independent financial adviser (**IFA**) in a timely manner. As a consequence, Mr E says he was not able to complete his transfer from the Fund to The James Hay Personal Pension Plan inside the guarantee period.
3. Mr E is also unhappy with the level of service provided during the transfer process and says he continues to suffer serious distress and inconvenience because of the errors made.

Background information, including submissions from the parties

4. The Fund has a Defined Benefit (**DB**) section which is administered by RPMI, and a Defined Contribution (**DC**) section which is administered by Fidelity.
5. Although RPMI administer the DB section of the Fund, Fidelity have overall responsibility as the Fund's main administrator for providing DB information on behalf of RPMI.
6. On 2 November 1998, Mr E became an employee of Credit Suisse. During his employment, Mr E was an active member of the Fund and paid contributions to both the DB and DC sections.
7. On 9 August 2017, Fidelity provided Mr E with a quotation for a Cash Equivalent Transfer Value (**CETV**) which amounted to £672,957.84. The CETV quotation was

valid for three months (**the guarantee period**). The guarantee period was set to end on 31 October 2017. The quotation was made up of the following elements:-

- £530,425.99 DB Section
 - £142,531.82 DC Section
8. Fidelity says it received a “letter of authority” (**LOA**) on 30 August 2017, in which Mr E had appointed Fairstones as his IFA. Within this paperwork, Fairstones included a request for additional information about Mr E’s DB benefits. Fidelity provided the requested information on 19 September 2017.
 9. Mr E informed Fidelity, on 21 September 2017, that Wealth Masters (**WM**) would now be acting as his IFA. Mr E provided Fidelity with a new LOA authorising this change and requesting information about the DB benefits.
 10. On 25 September 2017, WM chased Fidelity regarding the information requested; its email included a list of the information it required and specified this was in relation to the DB section. Fidelity confirmed that it administered the DC section only and therefore WM should email the LOA directly to RPMI, the DB section administrators.
 11. On 2 October 2017, Fidelity sent Fairstones the DC information it had requested. It is not clear whether Fairstones forwarded this information to Mr E.
 12. Fidelity provided WM with all the outstanding DB information, on behalf of RPMI, on 13 October 2017 and, on the same day, WM made a further request for additional DB information together with, for the first time, a request for DC information.
 13. The guaranteed period for the CETV expired on 31 October 2017.
 14. On 8 November 2017, Mr E requested a second CETV quotation, for which Fidelity agreed to waive its usual charge of £210. On the same day Fidelity raised a priority request with RPMI for the LOA to be shared with Fidelity’s DC section.
 15. The DC section of Fidelity received the LOA on 8 November 2017 and confirmed that WM would receive all DC information it had requested on 13 October 2017, within 10 working days.
 16. On 15 November 2017, Fidelity provided Mr E with a new CETV quotation of £653,201.50. The quote was made up of the following elements:-
 - £509,347.66 DB Section
 - £143,853.84 DC Section
 17. On 19 November 2017, Fidelity contacted Mr E. It apologised that the DB information he requested on 13 October 2017 had been provided later than their standard turnaround times, but said that in its opinion, this information did not pertain directly to the CETV quotation he had received on 9 August 2017.

18. On 21 November 2017, Fidelity provided WM with the DC information it had requested.
19. Fidelity received the signed discharge form on 30 November 2017.
20. On 5 December 2017, Mr E complained to Fidelity and asked it to honour the original CETV quotation. Mr E said he blamed Fidelity for failing to provide WM with all the additional DB and DC information requested on 13 October 2017. He asked Fidelity to send a cheque for £21,078.33, which represented the value between the first and second CETV quotations.
21. In December 2017, Fidelity confirmed that the second CETV had superseded the first. It said that if Mr E still wanted the transfer to proceed on the lower CETV value, he was required to provide confirmation in writing to that effect. On 21 December 2017, Fidelity received Mr E's signed written consent from WM and a payment of £653,201.50 was paid to The James Hay Partnership on 22 December 2017.
22. On 4 January 2018, Fidelity contacted Mr E confirming that no additional payment would be made. At the same time, it provided details of the Trustee's Independent Dispute Resolution Procedure (**IDRP**).
23. On 15 January 2018, Mr E formally complained to the Trustee under Stage 1 of the IDRP, requesting the following amounts:-
 - £21,078.33 for the drop in the transfer value.
 - £25,407 loss of potential investment.
 - £31,060 compensation for future tax liability.
 - an ex-gratia payment relating to time, stress and inconvenience.
24. On 16 March 2018, the Trustee wrote to Mr E and confirmed that it would not uphold his complaint for the following reasons:-
 - Under the rules of the Fund, following the expiration of the guaranteed period of the first CETV quotation, the second quote was the correct figure and was subsequently paid.
 - Even though Mr E expressed concern and dissatisfaction, he consented to the transfer proceeding.
 - Fidelity's service level agreement of a response time of 10 working days was a target set by the Trustee and not a statutory deadline.
 - Mr E had the option to leave his benefits in the Fund and transfer later when the Fund may have increased in value.
 - It did not agree to pay a further ex-gratia payment as it had already waived the £210 cost of calculating a second CETV quotation.

25. On 26 March 2018, Mr E submitted an appeal to the Trustee under Stage 2 of its IDRPs. This appeal was not upheld and the Trustee said:

“Whilst it was unfortunate that the deadline for your [Mr E] original transfer value quotation was missed, the transfer value ultimately paid was correct and represented your entitlement under the Rules of the Fund. The Trustee is of the view that Fidelity were correct not to honour the expired CETV quotation...

The change in your IFA with approximately 6 weeks remaining of the original guarantee period was at least in part responsible for the deadline of 31 October 2017 ultimately being missed...

Having considered your comments regarding your acceptance of the CETV, and there being no suggestion that you did not understand what was being offered to, and accepted by you, the Trustee is of the view that your formal acceptance of the replacement CETV and the signed discharge paperwork does indeed discharge the Trustee from any further liability...

Your IFA’s view that there was “plenty of time” for Fidelity to respond is not correct as they have no sight of the workloads experienced by Fidelity. Expected turnaround times, can be shared with members and their IFA’s to help manage “expectations”, however, “Fixed service levels” are in place between the Trustee and Fidelity to allow the Trustee to monitor the service provided by the administrator and to challenge performance where necessary...

You also commented on the length of time the Trustee has taken to respond to your complaint. The Trustee Board meets 4 times a year and the meeting on 7 June 2018 was the first available opportunity for the contents of your IDRPs 2 complaint letter dated 26 March 2018 and your case more generally, to be discussed.”

26. Not satisfied with the outcome, Mr E brought his complaint to the Pensions Ombudsman.

Adjudicator’s Opinion

27. Mr E’s complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee or Fidelity. The Adjudicator’s findings are summarised below:-

- Mr E was provided with a CETV on 9 August 2017, which was guaranteed until 31 October 2017. Mr E appointed an IFA to act on his behalf on 17 August 2017 and provided the appropriate LOA on 30 August 2017. Fidelity provided the information requested by the first IFA without unnecessary delay.
- On 20 September 2017, Mr E changed IFA which effectively restarted the advice aspect of transfer process only six weeks before the guarantee end date. This left

very little time for WM to obtain the information it needed for the transfer to be completed. There is no evidence to suggest that either Mr E or WM contacted Fidelity to enquire if six weeks was enough time to provide the necessary information and complete the transfer.

- Mr E says Fidelity failed to provide the information requested on 13 October 2017 in a reasonable timeframe. He says, as a result, WM were unable to advise him regarding the transfer and consequently he missed the deadline of 31 October 2017.
- Whilst Fidelity acknowledged there were delays in providing information and sharing the LOA between the DB and DC section, this was not material in Mr E missing the deadline. WM requested additional DB information and, made the first request for information in relation to the DC section on 13 October 2017. Given that 13 October 2017 fell on a Friday even if the LOA had been shared between the DB and DC sections on the day it was received, it was unlikely to have been actioned and the information provided until the following week. At that point there was very little time for Fidelity to provide the requested information, for WM to advise Mr E and for a signed discharge form to be received by Fidelity before the guaranteed period expired.
- WM could have done more to ensure its requests for information were made clear regarding the need for DC information within its original LOA, instead of issuing generic information requests in a piecemeal fashion. In addition, requesting new information with less than three weeks until the expiry of the guaranteed period would have further compounded the issue.
- Mr E believed that having missed the deadline for the first CETV, he had no other option, and was “forced” to accept the second CETV as he wanted to invest his pension fund elsewhere. CETV quotations can go up and down, which is why a three-month guarantee period is applied to each quotation. Mr E, having received the second CETV quotation on 15 November 2017, made the decision to continue with the transfer, even though he knew the CETV had decreased.
- Mr E made the decision with the full knowledge that the Trustee would not honour the original CETV quotation. It is reasonable to assume he understood the declaration he signed and that he took appropriate advice from WM before transferring his fund. Before accepting Mr E’s request to transfer, Fidelity took reasonable steps to ensure that Mr E was happy with his decision to transfer, so it acted appropriately.
- Mr E has asked that Fidelity make an ex-gratia payment in recognition of his distress and inconvenience. Fidelity have already provided an additional CETV quotation, for which it waived its standard fee of £210. Given the circumstances this is reasonable.

- Whilst there was a delay in providing the Stage 2 IDRPs response the Trustee did advise Mr E in writing that there would be a delay, which was in accordance with their policy. Therefore, Mr E was aware that he would not hear further from the Trustee until after 7 June 2018. Although, he might reasonably have expected to receive a response earlier than 6 July 2018, the Adjudicator did not believe that the one-month delay will have caused a significant degree of distress and inconvenience.

28. Mr E did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr E provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr E for completeness. The Trustee and Fidelity did not make any further comments.

Ombudsman's decision

29. Mr E has said his main point is that every piece of information that WM required to proceed with the transfer was requested in the LOA. He maintains that there should not have been any need for WM to contact Fidelity after it sent the LOA other than to acknowledge receipt of the information, but WM continually had to chase and reiterate the requests made in the LOA. All of the information was finally supplied by Fidelity in November 2017 after the guaranteed end date of the CETV quotation. This missed their 10-working day guideline to respond to information request by over four weeks. Mr E says this is the reason he missed the guaranteed end date of 31 October 2017 and that he would have met it if Fidelity had provided a complete reply to the information requested along side the LOA.
30. While the email attaching the LOA dated 25 September 2017 contained a list of information WM required, it is clear that the information requested was in relation to the DB section only as the information asked for is not applicable to DC benefits. In any case the email containing the information request included only the DB section policy number even though the LOA had quoted the DC section policy number as well. The email stated, "Policy Type: Defined Benefit", both in bold font. I find it reasonable for Fidelity to have provided information in relation to the DB section only.
31. There is no dispute that the LOA itself did quote the DC section policy number in addition to the DB policy number. Ultimately, this is why information on the DC section was able to be provided when it was later requested by WM on 13 October 2018. Nevertheless, this does not alter the fact that the information requested alongside the LOA on 25 September 2018 did not request any information in respect of the DC section. So, I find that Fidelity was not to know that WM was expecting to receive information in relation to the DC section, or indeed what that information was, until WM made its request on 13 October 2018.
32. As some of the information WM required was not requested from Fidelity until 13 October 2018, this only left 12 working days for the transfer out request to be

PO-24546

received. Within this time frame Fidelity would have needed to provide the requested information, WM needed to review it and provide appropriate advice to Mr E and the required discharge paperwork needed to be completed and received by Fidelity before the guaranteed period expired. I find that it is unreasonable to have expected all of this to be possible within 12 working days and that this is the reason the guaranteed end date was missed.

33. Finally, as the Adjudicator said, Mr E was aware that the guaranteed end date had been missed and that his final CETV was lower, but he opted to proceed with the transfer anyway.
34. I do not uphold Mr E's complaint.

Anthony Arter

Pensions Ombudsman
31 July 2019