

The complaint

Mr B complains about delays in the transfer of his Self-Invested Personal Pension (SIPP) by Barclays Bank UK PLC ('Barclays').

What happened

Mr B said he requested the transfer of his SIPP and an ISA on the same day. The ISA transfer was completed within a week or so, but the SIPP transfer took 12 weeks. Mr B said he was told the cash in his account couldn't be transferred until all in specie transfers had been completed. However, when he complained he was told this was wrong and the cash was then released before all the fund transfers had been completed. He said he had lost out on investment performance due to the delay. He said he made gains of around 10% in his ISA in the time between the two transfers and wanted to be compensated using the returns he achieved in his ISA.

Barclays said the transfer was set up on 3 December 2018 as completed papers were not received until the end of November 2018. The transfer was completed on 26 February when the final fund was settled. This meant it took 12 weeks which is longer than they aim for in their service level agreement. It accepted that there was an initial delay of 2 weeks before it sent a valuation to the new provider on 17 December 2018. Except for two funds the bulk of the asset transfers were completed by 22 January which was within 7 weeks. It normally sent cash last and within 10 working days of assets being transferred. It said there were delays as it had to rely on the fund managers to arrange transfers. It also became clear that at least one fund couldn't be accepted by the new provider and needed to be encashed. While the new broker requested this, Barclays replied to say it needed a direct instruction from Mr B and not from the new provider. It accepted there had been a delay of about two weeks and paid compensation.

It paid interest at the rate of 8% simple from 3 December to 11 February (rather than just from two weeks earlier than the transfer to the date of transfer which gave Mr B over £300 more) of £1564.27 less tax of 312.85. That was paid on 2 April 2019. It also paid £200 for distress and inconvenience, £90 to cover the transfer fee and £25 to cover the final trade. This meant it paid a total £1879.27.

It said there was a different process for SIPP transfers compared to ISA transfers. There was a delay due to a fund manager that was outside their control. This meant the final fund transfer wasn't confirmed until 26 February 2019. However, the fund price had risen so there was no loss.

One fund couldn't be held by the new provider so was removed from the transfer on 9 January. It couldn't know this until it was advised by the new provider. The new provider said a disinvestment was needed but was told the instruction needed to come from Mr B direct. It took some time before the new provider told Mr B and this delayed the completion of the transfer. This was explained to Mr B on 14 February 2019. However, as the account was closed it needed to be reopened to activate the instruction so was finally sold on 20 February 2019.

I issued a provisional decision in this case. In summary I said the following.

Barclays accepts there was a delay in making the transfer. I have considered how long that delay was and how to measure any financial loss and any award for distress and inconvenience.

Delay

Barclays says it has a service level agreement under which it aims to complete transfers within a certain time. This is a helpful indication that transfers can take weeks especially where funds are transferred in specie. I think it is reasonable that a transfer which includes in specie funds can take longer than a transfer of cash. However, I think the appropriate measure of whether there has been a delay should be based on the facts of the case not on an assumed target period.

I have seen the correspondence from the time. I can see it took some time for the new provider to send the transfer request in a readable format and the transfer was first accepted for processing by Barclays on 3 December 2018. I can also see that there was a delay in sending a valuation to the new provider until 17 December – this is the two weeks delay that Barclays accepts.

On 2 January 2019 the new provider confirmed it can accept the fund transfers but on 9 January changes its mind and says there is one fund that it cannot accept. Barclays say it removed it from the transfer on 9 January and on 10 January confirmed to the new provider that it needed to get Mr B to instruct a sale of that fund. I don't think the time taken between 2 and 10 January was the fault of Barclays.

Barclays says it next had contact with Mr B in early February by email. It advised him of what he needed to do. It said Mr B finally gave instructions to sell his fund and proceeds of sale credited to his account on 20 February 2019 yielding around £22,000. I can see the £22,000 missed the cash transfer that Barclays had expedited following a complaint by Mr B. It said the account was checked periodically, and the remaining cash paid out on 20 March 2019. In the time between 10 January and early February Barclays settled various fund transfers and issued an updated valuation to the new provider.

It seems there was a delay between 10 January and the date Mr B gave instructions to sell the fund that couldn't be transferred. Barclays says it is for the new provider to advise the customer of what is needed to progress their transfer. It said when it was accepting a transfer in, it took responsibility for making sure a customer gave the required instructions and the new provider should've done the same in this case.

But I don't agree. Mr B remained a customer until all his assets were transferred out. Barclays knew he needed to instruct the sale of a fund but didn't advise him of that until early February. While it might be customary to rely on the new provider, I think Barclays had a duty to Mr B to act in his best interests. I think that reasonably included telling him what he needed to do to encash a fund that couldn't be transferred to the new provider. I can see from the file that when Mr B was contacted in early February, he said he thought he'd already given a direction for the sale. But I cannot see a record of that on Barclay's file. Had it made contact directly with Mr B at an earlier stage I think much of this delay could've been avoided.

I note Mr B says he was told cash was transferred last but then Barclays changed their mind when he chased in early February 2019. But I don't think Barclays changed its policy instead the file note shows the adviser agreed to expedite the transfer. It instructed the transfer on 11 February and the cash was received into the new provider account on 19 February 2019.

I think it is reasonable practice to transfer all the cash when all realisations are complete. So, I don't think there was any unreasonable delay in the transfer of cash on 11 February. However, had Barclays chased in the sale I think the transfer would've happened sooner than it did, and a second cash transfer wouldn't have been needed.

Financial loss and distress and inconvenience

Overall, I think Barclays caused two weeks of delay in December. Its failure to contact Mr B in January regarding the encashment didn't help reduce the further four-week delay between early January and early February. I also think there was a further delay of four weeks before the final £22,000 was transferred out. So overall there was up to 10 weeks of delay in total. I think the two weeks delay in December would've meant the transfer of cash in February was two weeks later than might otherwise have been the case.

The delay between January and February meant that the delayed fund sale delayed the cash transfer – which was then allowed to go ahead. It also meant the cash from the fund sale missed the cash transfer and was then delayed by a further four weeks.

Mr B lost the use of his cash due to these delays. I note however that the delayed fund encashment didn't create a loss as Barclays confirmed it went up in value during this time.

I needed to consider if there is any financial loss caused by the delays and whether to make an award for distress and inconvenience. In making an award for financial loss the law would seek to put Mr B back in the position he would've been in but for the mistake, in this case delays.

I have considered Mr B's suggestion that his loss should be measured by reference to the gain he achieved in his ISA. But I don't agree. I say that because the law directs compensation for the actual loss. The ISA was in cash and transferred very quickly. The SIPP wasn't a simple cash transfer, so could never have been completed at the same time or in the same timescale.

I have seen the pattern of Mr B's investments post transfer. This reveals a phased pattern of reinvestment over a period of months rather than an immediate and full reinvestment. Mr B has also been clear he would time investments when the market was falling. This makes measuring any loss due to the delay more difficult and doesn't show Mr B was in haste to reinvest everything at once.

Of the around £182,000 received in February 2019 roughly 14% was invested by the end of February, around 28% by the end of March, the remainder is invested in phases through to August. That doesn't suggest a pattern of time pressured reinvestment whereby the delay made a difference. It seems most likely to me that his investments would have followed a very similar pattern notwithstanding the delays. It's also clear that the delay in the second cash transfer didn't delay his investment as by the time it was received Mr B hadn't fully invested the first transfer.

It is however appropriate that Mr B is compensated for loss of use of his money during the delays. This service would make an award loss of use at the rate of 8% per annum simple and in these circumstances, I think this is a reasonable basis to use.

I note that Barclays say they calculated interest at this rate from 3 December 2018 which was the date they say they were first able to proceed with starting the transfer to 11 February on the circa £182,000 of cash in Mr B's account. Given this the compensation for loss of use covers the whole period of delay. I think this compensates for the initial delay of two weeks, the further delay of up to four weeks due to the fund sale and the final delay of

four weeks (which related to a much lower amount of around £22,000). So, I think the amount already paid by Barclays is fair and reasonable.

I note Barclays have also covered the cost of transfer and disinvestment which are costs which would always have been payable by Mr B and gives him further benefit.

I think the circumstances are such that an award for distress and inconvenience would be appropriate. The purpose of such an award is to reflect the impact on Mr B not to punish Barclays. I can see that the delay was frustrating, and Mr B needed to spend time chasing. Having considered this I think the £200 paid by Barclays together with the waiver of charges created an award which is of the magnitude that I would've considered, and I think is fair and reasonable in the circumstances.

Mr B didn't make any further comments. Barclays said it was important to note that the type of account Mr B held was split in terms of administration and platform. Different parties acted as the pension administrator and platform providers. Mr B would have had terms and conditions for both businesses in terms of the management of their SIPP.

Instructions from the customer are carried out by the administrator who then liaises with the platform provider.

It also said the role of the new broker or receiver of the transfer should instruct the customer to act where they cannot facilitate a stock on their platform. The new provider was advised to notify Mr B that they could not hold the particular investment on their platform, it noted the comments about duty of care to the customer but said the administrator made it clear to the new provider that they needed to talk with Mr B about this and to have him contact them to initiate the trade should he wish the transfer to continue. It repeated that in a reverse situation this is what it would do. It had nothing further to add and accepted this was a poor transfer experience for Mr B.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I have not changed my mind.

I have considered the comments made by Barclays, about the different roles of the administrator and platform provider. But I think both would have had a duty to Mr B and both needed to work together to support Mr B to understand what was needed. That would mean telling him what was needed to encash the fund. Even if I am wrong, I have concluded that Barclays has already made a fair and reasonable payment. So, it would not affect the outcome.

Putting things right

As I have not changed my mind, I have not changed the direction I proposed to make in my provisional decision.

My final decision

I direct that the compensation already paid by Barclays Bank UK PLC is fair and reasonable and in line with the level that I would've awarded had it not made any payment. So, I don't propose to make any further award against Barclays.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 April 2021.

Colette Bewley
Ombudsman