

The complaint

Mr M complains that Vanguard Asset Management Ltd (“Vanguard”) failed to complete the transfer of some pension savings he held with another provider in a timely manner.

What happened

Mr M held pension savings with another provider. In March 2020 he discussed the transfer of those pension savings into a self-invested personal pension plan (“SIPP”) that he held with Vanguard. Vanguard explained to Mr M that it would facilitate the process, and liaise with the other provider to ensure the pension savings were transferred as “efficiently as possible”. Vanguard explained that the transfer could take up to a month to complete. It told Mr M that it could only accept cash transfers, and so there was the potential for his pension savings to be uninvested (or “out of the market”) for up to a week and a half.

Mr M asked Vanguard to proceed with the transfer on 1 April 2020. The following day Vanguard sent the transfer request to Mr M’s existing provider. The transfer payment was sent to Vanguard by BACS and arrived on 9 April. It was added to Mr M’s SIPP the following day, and his investment instructions were implemented on the next dealing day. Due to the bank holidays over the Easter period, those investments were completed on 14 April.

Mr M complained that Vanguard hadn’t managed the end-to-end transfer as effectively as it should have. He said the automated industry transfer system, Origo Options, should allow transfers to complete in a matter of hours, or at worst one or two days. He said that Vanguard should have ensured that his previous pension provider used a same day service to transfer his pension savings, or sought his advice if the transfer would take longer. And he said that Vanguard had received the transfer early enough to allow his pension savings to have been invested on 9 April. Vanguard didn’t agree with Mr M’s complaint so he brought the matter to us.

Mr M’s complaint has been assessed by one of our investigators. He didn’t think Vanguard had done anything wrong. He thought that Vanguard had acted on Mr M’s transfer request in a timely manner. And he didn’t think it reasonable to hold Vanguard responsible for the decisions taken by the other pension provider about how to make the transfer of the funds. Our investigator thought that the funds had been applied to Mr M’s SIPP on receipt, and had been invested at the first opportunity. So the investigator didn’t think the complaint should be upheld.

Mr M didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr M and by Vanguard. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

It is common in the pensions industry for the provider that is receiving a transfer to take ownership of the process. And generally that provider would be expected to provide updates to a consumer about the likely timescales, and any delays. But that doesn't mean the receiving provider should be held responsible for the actions of the sending firm – clearly the receiving firm (Vanguard in this case) has little control of the actions taken by a third party.

I have listened carefully to a call that took place between Mr M and Vanguard in early March 2020. There is some disagreement about the exact date of that call – Vanguard says the call took place on 9 March, whereas Mr M's notes suggest the call was on 6 March. But I don't think the discrepancy in the dates is something that I need to look into any further, or resolve. I am entirely satisfied that the call recording Vanguard has provided to us is of the call that Mr M references in his complaint.

On the call Mr M discusses with Vanguard how the proposed transfer would work. I think the key information Vanguard provided to Mr M was about the likely timescales, and the need for the transfer to take place in cash – it told Mr M that it could not accept any in specie transfer, even if the investments were in its own funds.

In terms of the timescales, Vanguard only provided Mr M with relatively high-level details. It told him that transfers of this nature could take up to 30 days to complete. But it reassured Mr M that generally the other provider wouldn't disinvest his pension savings until shortly before it was ready to complete the transfer. Vanguard did however warn Mr M that this would mean that he might be out of the market for a period of up to one and a half weeks.

As I explained earlier I should take account of good industry practice when looking at how long a transfer should take to complete. And, to a degree, that aligns with how Mr M thinks Vanguard's performance should be assessed. Vanguard told him that it would ensure his pension savings were transferred as "efficiently as possible". And Mr M has said that this transfer should be considered in the light of how long other transfers have taken when he was dealing with other providers.

Some general expectations about transfer timescales were set out in June 2018 by what was known as the Transfers and Re-registration Industry Group ("TRIG"). The group was formed to review current transfer and reregistration processes, and comprised ten participating trade bodies and their nominated member representatives. The document it produced suggested that for a transfer of pensions savings held in cash, an end-to-end standard of ten business days should be considered reasonable (including up to three days for the transfer of funds using the BACS system). But it also notes the complexity of some transfers, and that in some circumstances those timescales will be exceeded.

Parts of the transfer were entirely outside of Vanguard's control. Once it had made the transfer request via Origo, it needed to wait for the existing provider to complete its checks. Those would have included ensuring that Mr M had given his agreement to the transfer, as well as ensuring that Vanguard was correctly registered to receive funds of this nature. Vanguard would also have no control over any processing delays that might be experienced by the other provider. So I don't think it was unreasonable for Vanguard to warn Mr M that transfers of this nature could take up to 30 days to complete.

I think it is important for me to set out my interpretation of the phrase that Mr M has focussed on when constructing this complaint. As I've said, Vanguard said that it would ensure Mr M's pension savings were transferred as "efficiently as possible". But I don't agree with Mr M that this means his pension savings must be transferred as soon as they possibly could be. Vanguard, and the other provider, would also be dealing with pension transfer requests from other consumers. I think it entirely right that each transfer should be dealt with in turn. So that will naturally mean that a degree of queueing might take place before either provider was ready to complete its processing activities.

Here Vanguard sent the transfer instruction to the existing provider the day after it had been received. I don't think that timeframe is anything other than reasonable. And Vanguard received the transferred funds, and applied them to Mr M's SIPP, six working days after the original transfer request. So I cannot do anything other than conclude that the transfer was completed well within what would be considered to be good industry practice (ten working days).

It was unfortunate that Vanguard needed to apply Mr M's pension savings to his SIPP immediately before the Easter bank holiday weekend. That meant there was an extended period before the markets reopened and it was able to fulfil his investment instructions. But that doesn't suggest any fault on the part of Vanguard – it had no way of completing the investment of Mr M's pension savings any sooner, considering the point at which they were received from the other provider. Effectively Mr M's pension savings were invested on the business day following Vanguard's receipt of the funds – again I don't think that Vanguard has done anything wrong.

Mr M has explained that other transfers he has been involved with have completed far quicker. He has said that other providers have completed their processing on the same day that instructions were received. And that they offered him the option of his pension savings being transferred using a same day payment method. But based on what I've explained above I don't think those timescales necessarily suggest that Vanguard has treated his transfer inefficiently, or that it has failed to manage the process effectively.

Mr M's transfer was completed well within the timescales that Vanguard first set out when it discussed with Mr M what would happen. And the transfer was completed within the timescales set out as being representative of good industry practice. I entirely accept that other transfers might have been completed more quickly. But there are also many transfers that I have dealt with that have been completed more slowly. I don't think that the information Vanguard provided to Mr M gave him any reasonable expectation that his transfer would be completed at least as quickly as any other transfer in the industry.

So I don't think that Vanguard has done anything wrong here. I think it set out the likely maximum timescales for the transfer. And it completed the transfer well before what might be considered industry good practice (which included an allowance for the transfer of the funds using the normal three-day BACS system that the other provider used here).

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Vanguard Asset Management Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 August 2022.

Paul Reilly
Ombudsman