

The complaint

Mr M complains that he has lost out because of the information Legal and General Assurance Society Limited (L&G) gave him about the pricing used for his pension fund switch.

What happened

Mr M had a stakeholder pension with L&G. He telephoned L&G on 24 February 2020 to obtain a valuation because he wanted to switch his pension fund into cash, believing that the stock markets were about to crash.

He phoned L&G at roughly 10am. He was informed by the first member of staff he spoke to that his pension was last priced at £594,831.94, using the price given at the close of business on the previous business day (21 February 2020).

Mr M pointed out to the member of staff that as he had called by 12 noon, this would be the amount of his switch. The member of staff didn't disagree. When Mr M said he wanted to instruct the member of staff to switch all his pension funds into cash, the member of staff said he could not take that instruction as he was not trained in investments.

Mr M was then transferred through to the dealing team at L&G to process his switch instruction. He told the second member of staff he had been told that his pension fund was priced at £594,831.94 and that would be the switch amount. The second member of staff did not correct Mr M's misunderstanding. She told him new prices would be announced the following working day and that he would get a letter the next day confirming the switch.

The next day, on 25 February 2020, L&G wrote to Mr M to say the switch had been completed. It said the amount switched into cash was £587,644.64. This was based on prices at the close of business on 24 February 2020, the day Mr M instructed L&G to switch all his funds into cash. This was £7,187.30 less than Mr M believed would be switched.

Mr M called L&G to complain, stating he had been told the value switched would be the value as at the close of business on 21 February 2020. In support of this position, Mr M said he made a similar transaction in 2012, which was also priced incorrectly by L&G. It had confirmed then that if a trade was instructed before 12 noon, the trade would be the price from the previous day. He said this was also confirmed to him during a call with a member of L&G staff in 2018.

L&G did not uphold Mr M's complaint. L&G said having listened to the call, it was never confirmed that the value quoted on the phone would be the one used for the switch. It said for switches made before 12 noon it used the price from that same day, not the previous days price.

Mr M didn't accept L&G's view and brought his complaint to our service. Our investigator looked into it and partially upheld his complaint. The investigator concluded that the switch was completed correctly, using the price as at the close of business on the day of

the switch instruction.

Our investigator, however, concluded that L&G should have been clearer about the price that would be used. The investigator took the view that, understandably, Mr M expected the amount switched to be higher and that for this loss of expectation L&G should pay him £100 for the trouble and upset caused.

Mr M didn't accept our investigator's view and asked for his case to be referred to an ombudsman. He said, in summary:

- He asked the question whether he would get the value of £594,831.94 and L&G said he would.
- In 2012, the original value of the transfer was done wrongly and L&G honoured its policy of giving the valuation at the closing price of the previous day, his instruction being given before noon.
- Legal and General had changed its procedures and were not being honest about it.

L&G made the following comments, in summary:

- Whilst it was unclear during the conversations, it was confirmed that staff member 1 was not trained and the full declaration about the price used was given by the second staff member.

Mr M's complaint comes to me for a decision.

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.

I have also listened to the call between Mr M and the two members of staff and looked at the terms and conditions applying to this stakeholder pension plan.

Terms and conditions of the plan

The terms and conditions say this about how funds should be priced where a member is switching funds already invested in their plan:

"The value of the units in the funds to be switched will normally be calculated at their respective unit prices (calculated as described in Funds and their operation on page 13) on the valuation date next following the receipt date on which your instruction is received by Legal & General"

"However, if the notification is received on a valuation date before noon, the unit prices will normally be those calculated on that date."

So, I think L&G has complied with its terms and conditions pricing Mr M's switch instruction received before noon on 24 February 2020 at the price at close of business that same day.

Miscommunication

Having listened to the call with the two members of staff concerned, I agree with our investigator, I think the information Mr M was given, or not given, was misleading.

Mr M asked specifically for confirmation that the price being used was the close of

business price from the previous day, in his case being £594,831.94. I think Mr M asked this in such a way that both members of staff ought to have known this was important to him. The following was said:

Staff member 1:

Mr M: Now it's before 12pm, I can instruct you to cash it all in?

L&G: Yes, but you don't have to do it before 12pm

Mr M: But these values are valid until 12pm?

L&G: They are"

With Staff Member 2:

"Mr M: I am assured that I will get the values as at the 21st February

L&G: Yeah so did my colleague give you the value?"

Near the end of the call:

"L&G: Because the switch instruction is before 12pm today, the switch will occur today on the same working day. So it will occur by today

Mr M: Yes

L&G: And the new prices will be announced the following day

Mr M: Yes

L&G: You will then receive a confirmation

Mr M: Do confirm again that I'm going to get the full amount of £594 etc..

L&G: Yeah so the full amount will be put into the cash fund for you, whatever the amount is that's what'll go into the cash fund"

Had Mr M been given clearer information, he would have been told that the price used would be from that day. I am satisfied that there has been some miscommunication here, so I have gone to consider how Mr M can be put back into the position that he would have otherwise been in had the error or omission not occurred. I have considered, what if anything, Mr M may have done differently had there not been this miscommunication.

I think Mr M would have still proceeded with switching his pensions to cash had he been given clear information about pricing. From what I've heard, Mr M wanted to act swiftly to switch his pension into cash to avoid stock market crashes. So, even had he been told that the price from the close of play that business day would be used, I don't consider that that would've made a difference to him switching his pension fund. I still think he would have gone ahead. So, I can't fairly or reasonably conclude that L&G should pay him this extra money that he wasn't entitled to, because of its miscommunication.

Other transactions

L&G say these same terms and conditions were in force in 2012.

Mr M tells me that on earlier occasions, L&G processed other transactions instructed before 12 noon, using the previous business days pricing. Even if Mr M is right, I can't require L&G to act outside of its terms and conditions now, because it may have done so in the past.

I must consider the terms and conditions that applied at the time of events, and as I've said

these made it clear that the price from the same day would apply where the instruction was before 12 noon. So, this doesn't change my view.

Putting things right

Mr M is understandably disappointed that the amount of money switched into cash was less than he believed it would be, the situation not having been made clear during the call with L&G. Like our investigator, I think a fair and reasonable amount to compensate him for his non-financial loss, a loss of expectation of a higher switch amount, is £100. This level of award is in line with other awards made by this service in circumstances like this.

My final decision

For the reasons explained, I partially uphold Mr M's complaint and order Legal and General Assurance Society Limited to pay him £100 for his trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 August 2022.

Kim Parsons
Ombudsman