DRN-3363634

The complaint

Mrs P complains that Standard Life Savings Limited (SL) incorrectly advised her that only part of her Self-Invested Personal Pension (SIPP) investment would have to be encashed after she removed her Independent financial Adviser (IFA) as her servicing agent on the account. In fact, a far larger investment had to be encashed.

Mrs P says the subsequent reinvestment of the funds was delayed and SL didn't keep her up to date. She says that if she'd been told that such a large investment would be encashed she would've retained her IFA for a while longer so she could've sold off her investment gradually - and reinvested immediately. Mrs P considers the incorrect advice and failure to keep her up to date has caused her a financial loss. And has also caused her distress and inconvenience.

What happened

Mrs P used an IFA from a different business as the servicing agent on her SIPP account with SL. She also held an ISA with SL. She wanted to remove her IFA from her account. On 1 October 2020, she asked SL to arrange this.

The same day, SL told Mrs P that if the IFA was removed from her account, she couldn't remain invested in the managed portfolio. They said this was described in the terms and conditions. SL said that they: "*would move the investments that make up the managed portfolio so you can retain them in your wrap, within 10 business days of this email".* This would be 15 October 2020. They also said that some of the investments might not be available on their platform and therefore they couldn't be retained. They said that these investments would automatically be sold and the proceeds paid into the relevant cash account.

Mrs P found this response appalling. She didn't want SL to encash her investment at a time she couldn't choose. She said she should be given more time in which to encash the investments.

On 2 October 2020, SL told Mrs P that it was possible to defer the encashment. But that if she wanted to remain invested in the model portfolio, she'd have to retain her existing IFA.

They also told Mrs P that there were three funds – worth about £68,000 – that would have to be sold to cash. SL said that Mrs P would receive fund prices based on the next available pricing point of the fund that was being sold, which was usually the following business day.

Mrs P said she felt she could deal with that amount of encashment, so told SL to go ahead on 2 October 2020. She also told SL she had no online access to her SIPP account. She asked for new login details. But had repeated problems with access to her account. She felt she'd been repeatedly given the wrong information.

Mrs P said the IFA was removed and that the sale of investments took place on 5 October 2020 but that SL didn't tell her. The value of the investments sold was around £225,000, not the £68,000 SL had advised.

SL reset Mrs P's online password and sent her a new one in the post. They told her it would take between five and ten working days to receive. But they sent the password to her old address.

Mrs P told SL on 14 October 2020 that she was still unable to access her account online. She told them she wanted to know what was happening with her transfer and with the encashment.

On 17 October 2020, Mrs P chased SL for an update. She said it had gone past 15 October 2020, but she had no idea what had happened to her investment because no one had told her and she still couldn't access her account. She also wanted to arrange her annual pension withdrawal.

Mrs P said she wasn't made aware about how much of her investment had been moved into cash until her online account was activated on 19 October 2020. The funds were reinvested the next day.

Mrs P complained to SL. She said she'd finally got online access to her account, and questioned why her access hadn't been arranged earlier. She said the lack of access had left her frustrated and worried, and that she'd been left without information at a crucial time. She also said she'd asked to be told when the encashment had taken place as she didn't want to be exposed to out of market risk for a prolonged period. But said that SL hadn't told her about the encashments. She also said that she hadn't been told that £225,000 would be encashed. As she hadn't known about the encashment, she said she hadn't had the opportunity to reinvest until now. She felt she'd lost money.

SL issued their final response to the complaint on 14 December 2020. They upheld it and apologised, as they acknowledged that they'd given Mrs P incorrect information about the number of funds that would be sold down. But they didn't offer any compensation for their error. They said that the encashments had been correctly made under the terms and conditions of the SIPP. They said that Mrs P hadn't been entitled to hold the investments they'd encashed after her IFA had been removed.

Mrs P didn't think that SL had covered the main points of her complaint. She said that if she'd been given the correct information about the amount that would be sold to cash, she would've retained her IFA for a while longer. She also said that she thought she'd be able to check her account on a daily basis. And that she'd be told when the encashments had taken place. And that she would therefore have been able to take reinvestment action very promptly. Mrs P brought her complaint to this service.

Our investigator felt that the complaint should be upheld. He didn't consider that SL's apology was fair and reasonable redress under the circumstances of the complaint. He felt that if Mrs P had been told that around £225,000 would be encashed, she would've had the opportunity to reinvest that money sooner. He considered that SL should calculate the position of the additional funds that had been sold, over and above those that SL had told Mrs P about, if they'd been sold on 5 October 2020 and reinvested on 6 October 2020.

He felt SL should then compare the performance of the notional value with the actual value of the transfer. And if the notional value was greater than the actual value, he felt that compensation should be paid to cover the loss, ideally into Mrs P's pension plan. Our investigator also felt that SL should pay Mrs P £250 for the trouble and upset they'd caused her.

Mrs P didn't agree with our investigator. She felt that the loss calculation he'd recommended should be carried out on the full £225,000 encashed. She said this was because she'd had

no online access and therefore didn't know when the funds were available in cash. She also noted that she didn't pay tax. And asked to see and agree to SL's detailed calculations.

SL said they generally agreed with our investigator's findings. But made the following points:

- They evidenced that they'd only received the monies from the sale of funds on 8 October 2020. And said that they were never going to be able to process any further buys before this date. So they felt it was reasonable to assume in their calculations that the cash was reinvested on 8 October 2020, rather than 6 October 2020 as our investigator had recommended.

- They said that Mrs P had only invested £200,000 of the full amount available from the sale of funds.

- They said they'd told Mrs P that around £68,000 would be sold to cash, so she was aware that these monies were available. They said they'd emailed her on 5 October to confirm the encashment had taken place. So felt she'd been aware that this money would be available to be reinvested, but had chosen not to.

Having considered SL's settlement offer and Mrs P's further points, our investigator issued a further view on the complaint. He felt that SL had evidenced that the cash wasn't returned to them by the fund manager until 8 October 2020. And that even if standing investment instructions had been provided in advance of the disinvestment, the earliest possible date that they could've been reinvested would've been 8 October 2020. He noted that the total value of assets sold was £224,776, of which £200,000 was subsequently reinvested.

Although our investigator had initially recommended that the loss calculation to be arranged on the difference between the £224,776 less the £67,736 he felt Mrs P had agreed to be encashed, he noted that SL had offered to do a price comparison on the full £200,000 that was subsequently reinvested. He said that Mrs P had agreed to this revised loss assessment methodology. And therefore recommended that SL should compare the unit value purchased with the £200,000 against the number of units that would've been bought, had the transactions happened on the 8 October 2020. And that compensation should be paid into Mrs P's pension plan if the calculation showed a loss. He also said that SL should pay Mrs P £250 for distress and inconvenience.

Mrs P said she didn't think the calculations were fair. She said that they ignored what had happened between the 5th and the 8th of October. She also still didn't agree that the £67,736 should be excluded from the redress calculations. She felt that the loss on that amount should be calculated from 8 October 2020. But that it should be calculated from 5 October 2020 for the balance, which she said was £200,000 - £67,736, or £132,264. Mrs P also questioned whether the £250 our investigator had recommended for distress and inconvenience was enough under the circumstances. She said she'd been caused considerable stress during the process due to the enforced sale and being locked out of her online account.

SL said that their offer would put Mrs P back into the position she should be in to ensure no financial loss. They said the date they'd proposed for the comparison was the first possible date Mrs P could've reinvested. And that they'd also offered to base the calculation on the full £200,000 that was reinvested. They disputed Mrs P's assertion that she would've retained her adviser rather than sell the assets to cash. They said she'd told them that she was removing her adviser because she'd raised a complaint about the fees they charged. SL said the assets hadn't been incorrectly sold, as Mrs P hadn't been entitled to retain them. And that she'd known that £67,736 was being sold on 5 October 2020 and would subsequently be available for reinvestment within a few days. They said that regardless of

any online issues, this wouldn't have prevented her from providing an instruction to reinvest. But that she didn't reinvest this cash until 19 October 2020. So they didn't believe the £67,736 should be included in any comparison. And felt that their offer was fair.

I understand that in a subsequent phone call with our investigator Mrs P said she wanted SL to do a loss calculation on the whole amount sold down to cash (including monies that were not subsequently re-invested).

As agreement couldn't be reached, the complaint has come to me for a review.

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'm going to uphold it. But I agree with our investigator that SL's settlement offer is fair and reasonable under the circumstances of the complaint. I'll explain why.

I understand that Mrs P has two remaining points of disagreement about SL's offer settlement offer. These are:

- The offer isn't fair as it leaves her exposed to market movements between 5 October and 8 October 2020.

- The offer isn't fair as the loss calculation doesn't cover the whole amount sold down to cash, just the £200,000 Mrs P subsequently reinvested. Mrs P considers that as she had no online access during the sale period she didn't know when the funds were available in cash.

From what I've seen, SL had no option but to encash the funds held in the managed portfolio once Mrs P had removed her IFA as her servicing agent on the account. They acknowledged they gave Mrs P incorrect information about the amount of her investment that would have to be encashed. I've gone on to consider whether the settlement offer they've made to Mrs P in light of this mistake goes far enough to put things right.

I first considered Mrs P's point that SL should provide redress for the lost investment return between 5 October and 8 October 2020.

I acknowledge that Mrs P considers that SL should be held responsible for her loss over that period. But I don't agree. I say this because SL have provided evidence that they only received the monies from the sale of funds on 8 October 2020. And that even if standing investment instructions had been provided in advance of the disinvestment, the earliest possible date that they could've been reinvested would've been 8 October 2020. Therefore SL were never going to be in a position to reinvest the money until that date at the earliest. As I accept that the encashments had to go ahead once Mrs P had removed her IFA as servicing agent on her account, it wouldn't be fair or reasonable for me to hold SL responsible for any market movements between 5 October and 8 October 2020. Mrs P was always going to be out of the market over this period, whatever action SL took. Therefore I don't agree that SL should change the date they've proposed for the redress calculation.

I then considered Mrs P's point that SL should calculate her loss on the entire amount they encashed, rather than simply the £200,000 she reinvested.

Mrs P said that SL made an error on the approximately £68,000 she'd accepted would have to be encashed. She said that they'd failed to inform her when the encashment had been

made. She said that SL knew that she wanted this information and why she wanted it. And that they knew that she couldn't access the information online. She said if SL had informed her in good time, she wouldn't have suffered the loss on this money.

SL said that they told Mrs P that around £68,000 would be sold to cash, so she was aware that these monies were available. And they said they'd emailed her on 5 October 2020 to confirm the encashment had taken place. Therefore they considered that Mrs P had been aware that this amount of money would be available to be reinvested. They felt this showed they'd given her the opportunity to reinvest that money, but she'd chosen not to. They said that she'd known that the funds had to be encashed and that she needed to select new funds to invest in. And that she could've given them a new investment instruction at any time. SL also said that they'd issued contract notes when the sales were processed, so Mrs P would've known the sells had been placed.

SL said that although £224,776 of assets had been encashed, Mrs P had only chosen to reinvest £200,000. They offered to conduct a price comparison for £200,000.

I've not been provided with the email SL said they sent on 5 October 2020, or any proof that contract notes were sent to Mrs P. So I can't be certain about whether SL did send these to Mrs P. However, I agree with SL that Mrs P was made aware that she would have to sell around £68,000 of assets to cash. They told her in an email dated 2 October 2020, which she replied to. So I agree with SL that Mrs P could've given them a new investment instruction for that disinvestment in advance. Therefore I don't agree that SL should be required to cover the whole amount sold down in their redress calculations.

I acknowledge that it must've been very frustrating for Mrs P when she couldn't access her account online. From what I've seen, SL did take steps to give Mrs P access, but this was largely unsuccessful. So it wasn't until 19 October 2020 that Mrs P had access to her account.

However, SL have made a settlement offer which covers all of the money Mrs P eventually reinvested. I consider that this is more than fair under the circumstances. Overall, I'm satisfied that SL's offer of redress for the financial losses Mrs P has suffered are fair and reasonable.

I've also considered Mrs P's point that £250 is not enough for the distress and inconvenience she's suffered. She said she'd been caused considerable stress during the process due to the enforced sale and being locked out of her online account.

From what I've seen, Mrs P had a two-week period where she couldn't access her online account. SL unsuccessfully tried to fix this for her. I acknowledge it would've been a shock when Mrs P found out that almost £225,000 of her assets had been encashed, when she was expecting a much smaller amount. But I can't say that SL acted incorrectly when they sold the additional assets. SL acknowledged their mistake was telling Mrs P that a smaller amount would need be encashed. So I consider that £250 is reasonable compensation for the distress and inconvenience she faced.

In summary, I consider that SL's settlement offer is fair and reasonable under the circumstances of the complaint. And although I uphold the complaint, I don't require SL to change their settlement offer.

Putting things right

I require Standard Life Savings Limited to compare the unit value purchased with the £200,000 against the number of units that would've been bought, had the transactions

happened on the 8 October 2020.

If the fair value is greater than the actual value, there is a loss and compensation is payable. If the actual value is greater than the fair value, no compensation is payable.

If there is a loss, Standard Life Savings Limited should pay into Mrs P's pension plan, to increase its value by the amount of the compensation. The payment should allow for the effect of charges and any available tax relief. They shouldn't pay the compensation into the pension plan if it would conflict with any existing protection or allowance.

If Standard Life are unable to pay the compensation into the pension plan, they should pay that amount direct to Mrs P. But had it been possible to pay into the plan, it would've provided a taxable income. Therefore, the compensation should be reduced to notionally allow for any income tax that would otherwise have been paid. I understand that Mrs P has told this service that she is a non-taxpayer.

Standard Life Savings Limited should also pay Mrs P £250 for distress and inconvenience.

My final decision

For the reasons given above, I uphold this complaint. I require Standard Life Savings Limited to take the actions detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 18 July 2022.

Jo Occleshaw
Ombudsman