

The complaint

Mrs B complains that she has lost out financially due to delays caused by AJ Bell when transferring her Self-Invested Personal Pension (SIPP).

Mrs B also states that AJ Bell charged her investment charges from January to April 2021 despite the funds not being received into her new SIPP until May 2021.

Mrs B is represented by her husband.

What happened

Delay

In August 2020, Mrs B requested an in-specie transfer of her Transact SIPP to AJ Bell. AJ Bell acknowledged receipt of the transfer request on 25 August 2020. AJ Bell said it then requested SEDOL codes from Transact. SEDOL codes are used to identify the asset being held in the pension fund). Mrs B gave AJ Bell a list of her investment holdings with the SEDOL codes that same day.

Transact emailed AJ Bell on 7 September 2020 as Transact needed their discharge forms to be completed to give effect to the transfer instruction. Transact attached copies of the forms to be completed, to the email sent to AJ Bell.

AJ Bell said the forms were completed and sent back to Transact on 16 September 2020. AJ Bell said on returning the forms, they requested that Transact provide them with all the information required for them to undertake a full assessment to confirm whether the in-specie transfers were possible.

Transact responded to AJ Bell on 24 September 2020. They attached the valuations for the pension transfers and asked AJ Bell to confirm acceptance and re-registration details.

I understand Mrs B raised a formal complaint to AJ Bell in October 2020 as she was unhappy with the time it was taking for the transfer to complete.

AJ Bell responded to Transact on 3 December 2020 confirming it was possible to keep the in-specie holdings as listed in the email.

Transact then emailed AJ Bell on 9 December 2020 stating:

'Due to a conversion of one of the assets held, please can you reconfirm your acceptance for the attached valuations.'

AJ Bell confirmed their acceptance of the two holdings on 26 January 2021.

AJ Bell wrote to Mrs B on 15 December 2020 as eight weeks had passed, and they hadn't been able to finish their investigations into her complaint and issue a final response. So, they wrote informing Mrs B that she had a right to refer her complaint to this service.

Transact sent a further email to AJ Bell on 2 February 2021. They said:

'Please can you provide acceptance for all of the asses [sic] listed on the portfolio valuation I have provided...

The acceptance you sent in December for the above client's pension don't all match all of the unit holdings we have`.

Mrs B wrote a further letter to AJ Bell addressed to the Managing Director on 23 February 2021 – six months after she had initially requested the transfer. Mrs B was unhappy that AJ Bell had failed to respond to Transact's emails and that AJ Bell had responded to one of Transact's emails on 14 February 2021 saying they would confirm acceptance as soon as possible, but had then placed it in a queue to be processed. Mrs B considered this unacceptable given it had taken six months already since the transfer request.

AJ Bell say that Transact then emailed them on 22 March 2021 with additional requirements to transfer one particular fund. After further communication, Transact confirmed on 4 May 2021 that Mrs B intended to sell that asset anyway, so the additional part of the process required to transfer, no longer needed to be completed.

AJ Bell say they then requested details from Transact on 12 May 2021 to allow them to confirm the transfer was complete. But Transact responded a month later and there was a discrepancy in the transfer value. AJ Bell state that Transact confirmed in June 2021 that they had transferred assets and cash totalling £109,577. AJ Bell said they could see they had actually received £172,463.36, so they needed to go back and confirm why there was a discrepancy. This was resolved on 12 July 2021.

Charges

Mrs B was also unhappy that AJ Bell had charged 'custody charges' when the transfer hadn't been completed. Mrs B calculated that AJ Bell were charging her for an account balance of around £151,000 even though only £3,064 cash had actually been transferred and received into her new SIPP. Mrs B believed this to be an issue with AJ Bell's IT systems.

Mrs B also said that her AJ Bell SIPP Portfolio screen showed incorrect portfolio and transaction dates. This is because it showed £151,680 of funds that should've been transferred but those funds were still in fact with Transact. It showed the funds had been transferred on 3 and 26 December 2020, which wasn't the case.

Mrs B said all this delay caused her financial loss and she was still having to pay charges to Transact whilst the transfer was in process. Mrs B said the reason she was transferring to AJ Bell in the first instance was to reduce the excessive fees she was being charged.

Mrs B's complaint and our investigator's recommendation

By June 2021, Mrs B still hadn't received a response to her complaint, so she brought the complaint to our service to investigate.

AJ Bell issued their final response on 8 September 2021. They went through the timeline of events and apologised for the service Mrs B had received. AJ Bell acknowledged they had caused some delays as Transact provided them with a valuation of assets that Mrs B wanted transferred, but AJ Bell didn't confirm acceptance until 3 December 2020. AJ Bell received

additional valuations of two assets in December 2020, but they didn't confirm acceptance again until 26 January 2021.

Regarding the custody charge, AJ Bell said they noted Mrs B purchased shares on 5 October 2020 through her AJ Bell SIPP. A custody charge was deducted in January 2021 as they were holding funds on their platform.

AJ Bell said they expect in-specie funds to be transferred within 10 to 12 weeks and although they didn't think they were responsible for all the delays, they recognised they had contributed to some. So, they offered Mrs B £250, with their apologies.

AJ Bell don't dispute that the transfer took longer than anticipated, but say they satisfied their requirements regarding the transfer by January 2021. And the delays after this point were because of fluctuating valuations, which required new assessments to be completed.

Mrs B responded to AJ Bell's final response on 16 October 2021. In summary, she emphasised that AJ Bell charged her fees for four months for funds that hadn't yet been transferred.

Our investigator looked into Mrs B's complaint.

She noted further that AJ Bell explained on its website that they were not able to give an exact timeframe of when the transfer would be completed as many factors were at play, often outside of their control. AJ Bell's website said the following:

'Once you've given us the details of the account you want to transfer, we'll take it from there and let you know if there are any hiccups. How long the transfer will take depends on:

- *Which account you're transferring. Pensions take longer to transfer than ISAs or Dealing accounts*
- *How quickly your current provider gets back to us*
- *When we receive the transfer paperwork, and whether it's been correctly completed*
- *Whether you need to pay any outstanding fees or costs to your current provider'*

The website said it would typically take 10-12 weeks for international shares to be transferred.

Our investigator asked AJ Bell to explain why charges were deducted from January to April 2021 when the funds hadn't been transferred and were still with Transact. AJ Bell said that Mrs B had already purchased an investment in October 2020, so custody charges would've applied because of this. But they've said in-line with their 'Charges and Rates' document, the funds and shares custody charges are based on investments, including those added to the account, but not yet settled, at month end.

The investigator noted that the Charges and Rates document said the following:

'These charges and rates are effective from 1 January 2021.

Custody charge

- *The funds and shares custody charges will be based on the mid-price value of investments in your account on the last working day of each month. This will include investments added to your account, but not yet settled at the month end. The charges will normally be collected within 20 business days of the month end.'*

Our investigator's view was that Mrs B had been correctly charged custody fees for the investment she had purchased in October 2020. Our investigator concluded that AJ Bell's literature was clear that custody charges would be taken from when the investment is *added* to the account, as opposed to *settled*.

AJ Bell's records of Mrs B's SIPP account transactions around the time show several investments being added to AJ Bell's system on 3 December 2020 – the day AJ Bell confirmed to Transact that they would be able to accept the funds. A further two funds were added to AJ Bell's system on 26 January 2021 and three on 27 February 2021 after Transact sent them updated valuations.

AJ Bell state that following their further acceptance of Mrs B's FP Foresight Global fund, HSBC Global Property fund and L&G Future fund on 27 February, Transact sent a further email nearly a month later for additional requirements to transfer the fund she didn't then go on to transfer in-specie.

Our investigator acknowledged that it was unfair that Mrs B was being charged custody charges by both Transact and AJ Bell. Her view was however, that she couldn't reasonably require AJ Bell to refund the custody charges because they had acted within their terms and conditions.

The investigator concluded that AJ Bell weren't able to provide a reasonable explanation as to why it had taken them two months to respond to Transact's September 2020 email to confirm their acceptance.. But she noted that particular delay had not led to an increase in custody charges as, AJ Bell only started adding custody charges to Mrs B's account after they had confirmed they could accept her funds.

She further noted there was no financial loss to Mrs B's fund value itself as it was an in-specie transfer.

Our investigator pointed out that she could only consider the delays that AJ Bell were responsible for as she was not dealing with a complaint against Transact.

Overall, our investigator concluded that she couldn't fairly ask AJ Bell to take any further action, taking into account the offer of settlement already made.

Mrs B, through her husband, didn't accept our investigator's view and asked for the complaint to be referred to an ombudsman. Mrs B's complaint comes to me for a decision.

Mr B said, on his wife's behalf, in summary:

- AJ Bell started taking custodian management charges from Mrs B's investment funds before they had been *added* to the account. Until they were added, they were in the custodianship of Transact. All that AJ Bell did in terms of the list of funds was add the name of the fund into their computer system. When they began making charges all AJ Bell had was a schedule from Transact of pension fund holdings.
- One fund on the list was sold before it was transferred. This was because AJ Bell refused to follow the fund manager's administration requirements, even though it had been prepared to follow these instructions when dealing with her husband's transfer. Mrs B had to purchase that fund within the AJ Bell account, in order to replicate her holdings.
- At law, and in contract terms, each fund was only added to the AJ Bell account on the day that each investment manager in question formally transferred the units in each fund from the old Nominee (the custodian of funds on behalf of the underlying

client holder) which was Transact to the new Nominee, AJ Bell who from that date, and that date alone provided custodian services of that fund.

- AJ Bell should make good the extra costs caused by the delays.
- AJ Bell were chased but didn't bother to reply. Mr B also transferred his own pension and did not experience these delays.
- Every client transferring a pension to AJ Bell must be experiencing these charges. It must be stopped

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.

It is not in dispute that Mrs B was inconvenienced by the delays in transferring her SIPP, mainly in-specie, to an AJ Bell SIPP.

Delay

It is clear that Mrs B didn't contribute to these delays and that the period taken to give effect to the transfer instruction, overall, was unreasonably long. This must have been frustrating for Mrs B who, from what I have seen, did her best to enable the transfer to go through in a timely way.

As this is a complaint against AJ Bell, I can only look at how their delay contributed to any financial loss Mrs B suffered or inconvenience she was caused. It is not for me to comment on whether or how others involved in the transfer process may have contributed to any loss or inconvenience caused.

I can see that AJ Bell, for the most part, accept responsibility for two main delays. These are between 24 September 2020 and 3 December 2020 when they were slow to confirm acceptance and December 2020 and the end of January 2021 when they were slow to confirm acceptance again. Based on what I have seen, I can't see that I can fairly hold AJ Bell responsible for any delay after January 2021.

AJ Bell has accepted responsibility for these delays and offered to pay Mrs B £250 compensation for the part it played in the inevitable inconvenience she was caused here.

I consider £250 to be a fair and reasonable amount to compensate Mrs B for the inconvenience and upset caused. Such an award is in line with other awards made by this service in comparable circumstances.

In terms of Mrs B's financial loss arising from the transfer delay, as this was mainly an in-specie transfer, I can't see that her fund value was financially effected by the delay.

Charges

Mrs B says however, that she has ended up paying extra custody charges arising from the delay, as she has been required to pay custody charges for transactions that had not arrived in her SIPP account at the time of charge.

Like our investigator, I sympathise with the situation that Mrs B finds herself in where effectively she is being charged twice, due to delays beyond her control.

I've thought carefully about whether I can require AJ Bell to refund its charges, however I don't think I fairly can.

In reaching this conclusion I have looked at the delays I consider that AJ Bell are responsible for and the terms and conditions that applied. I can't see that after AJ Bell agreed to accept the transfer, they can be held responsible for the delays in 'settling' the SIPP account. It was whilst waiting for the account to be 'settled' that AJ Bell commenced charging.

This service must deal with cases based on their own individual facts and circumstances, which I have here. In Mrs B's case, I do not consider that the contractual provisions have been unfairly applied. It is for the regulator (the Financial Conduct Authority) to decide whether it has any wider concerns. I will therefore leave it to Mrs B to decide whether this is something she wants to draw to the attention of the regulator.

Looked at as a whole, whilst I consider that AJ Bell did something wrong, in that it contributed to the delays in transferring Mrs B's pension holdings into an AJ Bell SIPP, I don't think I can fairly require AJ Bell to do anything more. I consider that £250 is a fair and reasonable amount of compensation for the inconvenience caused. And I am not satisfied that AJ Bell is responsible for the financial loss Mrs B has suffered.

My final decision

For the reasons explained, I order AJ Bell Management Ltd to pay Mrs B £250 if it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 20 October 2022.

Kim Parsons
Ombudsman