

The complaint

Mr H complains that Interactive Investor Services Limited (IISL) delayed the transfer of his self-invested personal pension plan (SIPP) to another provider resulting in investment losses. It then dealt with his complaint about this poorly and failed to respond to him. He would like compensation for the investment loss and the inconvenience.

What happened

Mr H wanted to transfer his SIPP with IISL to another provider and he placed instructions for the underlying investments to be sold and transferred as cash. Mr H then contacted IISL to advise the investments had been sold on 5 May 2021. IISL uses a third-party administrator (called Barnett) for SIPP plans. The investment sale proceeds were received by IISL on 10 May 2021. On 14 May 2021 Barnett debited the cash balance of the SIPP. On 18 May 2021 IISL confirmed to Barnett it had sent all cash held to it. Barnett then completed the transfer on 25 May 2021 by sending the cash to the new provider by same day bank transfer.

Mr H contacted IISL on 10 June 2021 querying why the transfer payment wasn't made until 25 May 2021 rather than on 14 May 2021. IISL said Barnett should have made the transfer within two working days of the request and referred the issue to its complaints department. Mr H asked for an update on 24 June 2021. He said his new pension provider had advised the portfolio he'd invested in had returned 1.1% between 17 and 26 May 2021. So, the delay in making the transfer meant he'd lost out on £5,687.47 of investment growth. He said he should be compensated for this.

Mr H asked for an update on 14 July 2021. IISL said it had written to him on 22 June 2021, however that was in respect of a separate complaint. Mr H then sent a letter of complaint on 28 July 2021. IISL sent a final response on 5 October 2021. It said Barnett should have issued the payment within five working days once the cash was debited from the SIPP account. It said this had actually taken seven working days. It said it had incorrectly advised the timeframe was two working days and that it hadn't logged his complaint correctly. It apologised and offered £75 for the inconvenience caused but said it didn't compensate for hypothetical investment trades. Mr H didn't accept this and didn't bank the cheque for £75.

Mr H referred his complaint to our service and our investigator looked into it and upheld it in part.

Our investigator said Mr H had been inconvenienced by poor service and that IISL had now offered to increase the compensation by £25 to £100 in total, which he said was fair. But our investigator didn't think IISL had delayed the transfer unreasonably, so wasn't responsible for any financial loss. He said IISL had now explained its internal service timeframes for processing a transfer out request once funds were available. These were five working days for its own processes and five working days for Barnett's, so ten working days in total and the transfer was completed within this timeframe. Our investigator said ten working days wasn't an unreasonable timeframe and IISL hadn't treated Mr H unfairly.

Mr H disagreed. He said £100 was still inadequate compensation for the inconvenience given how much time he spent trying to resolve matters. He said ten working days wasn't an

acceptable or reasonable timeframe for the transfer to be completed. He said IISL had caused a “severe delay” and its terms and conditions (T&C’s) didn’t set out a ten working day timeframe but said that it “*will seek to ensure all transfer requests are completed as soon as possible*”. Which he said should have been 6 May 2021, the day after he’d advised IISL that the investment portfolio had been liquidated. And a same day bank transfer should have been made then, which would have been 13 working days before the transfer was completed.

Our investigator said compensation awards made by our service weren’t based on hourly rates but instead reflect the impact the problem has had on the complainant. He said he felt the £100 now offered by IISL fairly reflected the inconvenience caused. He said “*as soon as possible*” in IISL’s T&C’s didn’t mean instantaneous. He said the transfer didn’t take an excessive amount of time to complete because the proceeds of the investment sales hadn’t actually settled in the account until 10 May 2021. He said there was no evidence of either IISL or Barnett causing excessive delays in the process.

Mr H said he didn’t consider ten working days was reasonable if the obligation was “*as soon as possible*”. He said he accepted it didn’t equate to instantaneous and had “*referenced same day as an expectation not instantly*”.

As Mr H doesn’t agree it has come to me to decide.

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 am upholding the complaint in part, but to be clear to Mr H I don’t think IILS unreasonably delayed the transfer.

The role of our service is to resolve complaints impartially, we don’t regulate businesses, which is the role of the Financial Conduct Authority. That means I can’t tell IILS or other businesses to change administrative procedures or impose sanctions on it even if I think there have been failings. What I can consider is whether a business’s mistakes caused someone a financial loss and/or distress and inconvenience and, if so, what the business needs to do to put things right.

Mr H has referred to IISL T&C’s in respect of transfers out. These don’t set out any specific timeframes and do, as he says, state that it:

“will seek to ensure that all transfer requests are completed as soon as possible”

However, the same condition continues:

“we shall in no circumstances be liable to you for a failure to complete a transfer out request in any given timeframe.”

Wordings like this are quite common because there are several components to most pension transfers and sometimes third parties are involved so not everything is in the pension provider’s control. When considering a complaint about possible delays in a transfer our service looks at each step of the process to establish if there have been any excessive or unreasonable delays which are unfair. Here the proceeds of the investment sales didn’t settle into Mr H’s SIPP account until 10 May 2021, so the transfer couldn’t have been completed before then.

Once the funds were received by IISL some reconciliation and so forth would have been required. IISL uses Barnett as the pension administrator and it is Barnett that requests the funds from IISL and then completes the transfer once it has received all funds into its own client account. The internal target is five working days for IISL to complete its part of the process with a further five working days for Barnett to complete its part of the process, giving ten working days overall. I don't think this is an unreasonably long timeframe to complete the transfer and it is only an internal target rather than a commitment to the plan holder.

Mr H thinks this is excessive and some pension providers may process transfers more quickly. But I've not seen any evidence that IISL had indicated how long the transfer would take to complete or that Mr H had requested a particular timeframe. And I haven't seen anything to suggest Mr H queried how the transfer was progressing after he'd confirmed the investment sales had been made on 5 May 2021, until 10 June 2021, around two weeks after it had been completed. I don't think the time taken to complete the transfer was unreasonable and as nothing had been promised by IISL, I don't think it treated Mr H unfairly in respect of this.

However, I do think IISL did cause him some inconvenience by giving incorrect responses to his post transfer queries and not logging his initial complaint correctly. It has already offered to pay £75 compensation for this and then increased this to £100 after the complaint was referred to our service.

Putting things right

I think the £100 IISL has now offered for the distress and inconvenience caused to Mr H is fair in the circumstances of the complaint. I think this level of award is in keeping with what our service would make in similar circumstances.

My final decision

My final decision is that I uphold the complaint in part against Interactive Investor Services Limited.

I direct Interactive Investor Services Limited to pay Mr H £100 in compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 January 2023.

Nigel Bracken
Ombudsman