

## The complaint

Mrs P complains about a delay in transferring her SIPP (self invested personal pension) with AJ Bell Management Limited trading as AJ Bell Investcentre (AJ Bell) to a new provider. Mrs P says the delay caused her financial loss.

## What happened

Mrs P and her husband had SIPPs with AJ Bell. They both wanted to transfer to a new provider and their requests to transfer were made on the same day. AJ Bell received the full transfer instructions from the new provider via an electronic transfer system on 13 May 2020. On the same day AJ Bell emailed the investment manager about the transfers. An error was made in respect of Mrs P's transfer in that the electronic signature was omitted from the email. On 18 May 2020 the investment manager emailed AJ Bell to re send the closing instruction for Mrs P to include the electronic signature. AJ Bell did that the same day.

AJ Bell received Mrs P's SIPP proceeds from the investment manager on 26 May 2020 and reconciled and applied them to the SIPP cash account on 28 May 2020. The next day, 29 May 2020, the transfer value of £282,123.05 was paid to the new provider to complete the transfer. By then Mr P's transfer had already been completed some days earlier. His funds had been transferred on 19 May 2020 and were received by the new provider on 22 May 2020.

Mrs P complained to AJ Bell on 16 June 2020. She said it had become apparent that something had gone wrong with her transfer when her husband's transfer completed but hers hadn't. She'd asked her financial adviser to look into what had happened and how much she'd lost as a result of the delay and she attached his comments. Mrs P said the delay originated because AJ Bell failed to provide the correct signatures. All the differences in the timescales between her transfer and her husband's could be traced back to that and had cost her approximately 3.58% of her fund value (about £11,000).

AJ Bell emailed Mrs P on 22 June 2020 setting out a timeline. It noted that the main area of complaint was the difference in timescales between Mrs P's transfer and her husband's. But it said the transfers had to be judged as separate transactions. It referred to its service level agreement which included acknowledging and initiating a transfer within five working days and making a payment within five working days once funds were received. Although an initial mistake was made, the transfer was completed well within the service level agreement and in a timely manner.

Mrs P replied saying that her husband's transfer was relevant as it demonstrated she and her husband had been treated inconsistently and it showed what the timeline of her transfer would've been, but for AJ Bell's initial error. Everything in relation to the transfers had been in tandem and there was every reason to believe that would've continued.

AJ Bell responded to the complaint on 6 August 2020. It set out how the transfer had been progressed. It said it was unable to comment on Mrs P's husband's transfer. It reiterated that, although the closure email had to be reissued, the overall time taken to complete the transfer wasn't unreasonable. Despite the initial error in not including the electronic signature

on 13 May 2020, the correct closure instruction had been sent within five working days after receipt of the transfer request from the receiving scheme. The transfer was completed twelve working days after AJ Bell had received the transfer request.

Mrs P remained dissatisfied and referred her complaint to us. She said, as a result of AJ Bell's admitted error, her funds had been transferred later than her husband's and she'd been financially disadvantaged due to market changes in the intervening ten days. AJ Bell had refused to take into account the comparison with her husband's timeline but, had it not been for AJ Bell's error, it was reasonable to assume that her transfer would've completed on the same day as her husband's.

One of our investigators looked into what had happened. She upheld the complaint. She noted what AJ Bell had said about the total time taken for the transfer to complete (eleven working days) which wasn't unreasonable. But an error had been made. And that had caused a delay. She set out how AJ Bell should work out the compensation due to Mrs P.

AJ Bell accepted the investigator's view. It said it would carry out the calculations required and liaise with Mrs P about any payment due. But Mrs P was unhappy with the amount of compensation offered. AJ Bell's approach was that one transfer couldn't be compared to another unrelated transfer, even if both transfers were initiated on the same day. The delay AJ Bell had caused was clear and measurable – a period of three working days from when the transfer was initially instructed without the required signature and when it was correctly instructed.

The investigator thought AJ Bell had calculated the compensation in line with her recommendation. She explained, although she'd said Mrs P's transfer would've happened at the same time as Mr P's, that wasn't a certainty. AJ Bell had to follow the actual events that took place, apart from the delay between 13 May 2020 and 18 May 2020 which was three working days.

As Mrs P remained unhappy, the investigator said she'd refer the complaint for an ombudsman's 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've considered very carefully all Mrs P has said. I understand why Mrs P considers that the timeline for her husband's transfer is directly relevant and demonstrates how her transfer would've progressed and been completed, but for AJ Bell's initial mistake with the electronic signature. But I don't think it can be assumed that exactly the same timescale would've prevailed. Mrs P and her husband each had their own individual SIPP with AJ Bell. The transfers were separate and, although initiated at the same time and to the same new provider, were processed separately. There was no guarantee that everything in respect of each transfer would be done at the same time.

The fact that Mr P's transfer was completed first didn't necessarily mean that something must have gone wrong with Mrs P's transfer. But the disparity in the time taken prompted Mrs P and her adviser to look into what had happened. It then transpired that AJ Bell had made a mistake – the electronic signature on the email to the investment manager instructing disinvestment had been omitted, which meant the instruction had to be resent. So there had been delay. That delay was avoidable and wouldn't have occurred if the original email had been complete and correct.

AJ Bell has said that, despite that delay, the overall time taken to complete the transfer was still reasonable. I accept that. But the fact is that a mistake was made and resulted in the transfer taking three working days longer than it would otherwise have done. I don't think it would be fair to ignore that delay. I think it's reasonable to say that, but for that mistake, the transfer would've been completed three working days earlier.

But I think it's also reasonable to assume that everything else would've happened as it actually did. An adjustment for the three working days delay doesn't bring Mrs P's transfer in line with her husband's. But the issue isn't whether Mrs P's transfer could've been completed any quicker. Or if it should've been completed at the same as her husband's. It's whether the time actually taken to complete her transfer was reasonable and after allowing for any delays which were a direct result of something AJ Bell did (or didn't do).

As far as I've seen, AJ Bell's only mistake was in respect of the initial email instruction. Once the SIPP proceeds were received from the investment manager, AJ Bell was able to reconcile them and pay the transfer value to the receiving scheme promptly. I note Mrs P's comments about the service standards being set so as to allow plenty of time to complete each process. And I agree that adherence to the time frames set would be of little value if the times allowed were excessive. But I don't think that's the case here – the service standards seem to me to be reasonable.

In summary, I can understand Mrs P's disappointment with the time taken to complete her transfer and when her husband's transfer was completed quicker. Particularly as, during a period of market volatility, the timing of any disinvestment and reinvestment can make a significant difference to values. But, for the reasons I've explained, I don't think AJ Bell can fairly be held responsible for any delay beyond the three working days which its admitted error caused. It follows that I think the approach taken by AJ Bell to calculate Mrs P's compensation is fair and reasonable and puts Mrs P in the position she'd be in, but for AJ Bell's admitted error.

### **Putting things right**

AJ Bell should calculate and pay compensation to Mrs P as set out in the investigator's view. For completeness I've repeated it here. I've made some small adjustments to make it clearer that compensation is based on the time scale that would've applied but for the three working days delay caused by AJ Bell's admitted error.

To compensate Mrs P fairly AJ Bell Management Limited trading as AJ Bell Investcentre should compare the actual value of Mrs P's investment with what it would've been worth had there not been the delay (three working days). If the *fair value* is greater than the *actual value*, there's a loss and compensation is payable. If the *actual value* is greater than the *fair value*, no compensation is payable.

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

If it can't be paid into Mrs P's pension plan, it should be paid direct to her. 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. The *notional* allowance should be calculated using Mrs P's actual or expected marginal rate of tax at her selected retirement age. For example, if she's likely to be a basic rate taxpayer at the selected retirement age, the reduction would equal the

current basic rate of tax. However, if she would have been able to take a tax free lump sum, the reduction should be applied to 75% of the compensation.

Details of the calculation should be provided to Mrs P in a clear, simple format.

investment name	status	Benchmark	from ("start date")	to ("end date")	additional loss
Aviva Plan	still exists	initial investments in Mrs P's Aviva Plan	date the investment should have happened	date of actual investment	the loss calculated should be brought up to date with the growth experienced in the plan.

Mrs P to provide details of the investments and/or authority for her Aviva Plan.

### ***Actual value***

This means the actual amount payable from the investment at the end date.

### ***Fair value***

This is what the investment would have been worth at the end date had it produced a return using the benchmark.

### **Why is this remedy suitable?**

I've chosen this method of compensation because Mrs P would've invested earlier with Aviva but for the delay and the calculated loss would've been part of her portfolio.

### **My final decision**

I uphold the complaint. AJ Bell Management Limited trading as AJ Bell Investcentre should compensate Mrs P as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 25 August 2022.

Lesley Stead  
**Ombudsman**