

The complaint

Mr G complains that The Royal London Mutual Insurance Society Limited (RL) caused delays to his pension transfer to another provider – provider A.

RL has acknowledged it caused delays and has paid Mr G redress following a loss calculation produced by provider A. It has also offered Mr G £200 compensation for the inconvenience and distress caused. Mr G doesn't consider that this offer is suitable under the circumstances.

What happened

Mr G said he signed and returned transfer documents to RL on 8 July 2021 so that his pension could be transferred to provider A. He said that RL received provider A's request for the transfer on 20 July 2021 through the Origo transfer system. Provider A requested updates about the transfer on 6 and 20 August 2021.

On 23 August 2021, RL said the Origo system noted that the client address was different, so it contacted Mr G's IFA. But he said that RL didn't have a different client address. On 24 August 2021, RL marked the pension as transferred. And arranged for £259,228.36 to be paid to provider A. Mr G said that although RL closed his pension on 24 August 2021, provider A didn't receive the funds until 1 September 2021.

Mr G said he had expected the transfer to take a couple of days. So he felt it should've completed on 24 July 2021. He said he monitored the values of his pension online. And that it was still active and worth £264,525 on 24 August 2021. Mr G said that his pension with RL wasn't active on 25 August 2021.

Mr G's Independent Financial Adviser (IFA) wrote to RL about the issue on 23 September 2021. He felt that RL had caused delays to the transfer.

RL acknowledged that transfers were taking longer than usual. But said that it'd followed its standard procedure when it'd backdated the transfer to the original activation date of the transfer request. RL said this was to ensure its customers got the unit price as at the day it received the initial transfer out request.

Mr G's IFA then raised a formal complaint on 1 October 2021.

RL reviewed the complaint. It confirmed that the correct value had been paid and used. It said that the transfer request had come in on 20 July 2021 and that the quote date it had used was the same date. Therefore the correct value was £259,228.36. It also confirmed that this was in line with the terms and conditions for the transferred plan.

But RL acknowledged that due to high volumes of work, the transfer process hadn't been done in a reasonable time. It said it would've ideally completed the transfer within ten working days. As such, it said it would cover any investment loss that Mr G had suffered. And asked for a loss calculation showing what the fund would be worth now if it had issued the £259,228.36 by direct credit on 2 August 2021, rather than 24 August 2021.

On 15 November 2021, Mr G's IFA sent RL the redress calculation provider A had carried out. This had been calculated as if the transfer had completed on 2 August 2021. This showed that Mr G had incurred an investment loss of £3,719.12.

RL issued its final response to the complaint on 17 November 2021. It upheld Mr G's complaint. And acknowledged it'd caused avoidable delays to the transfer. It offered Mr G £200 compensation for the distress and inconvenience it had caused. And agreed to pay the financial redress provider A had calculated.

Mr G agreed to proceed with the payment of £3,719.12 to provider A. But he didn't accept the £200 compensation offered. He still felt that his complaint hadn't been dealt with satisfactorily.

Mr G's IFA chased RL at the end of November 2021 as the redress payment hadn't arrived at provider A.

RL said that due to Anti-Money Laundering Regulations, payments were taking longer than usual. But said that the money should be with provider A in the next couple of days.

Mr G's IFA emailed RL again on 1 December 2021 as provider A still hadn't received the payment of £3,719.12. He asked it to check the payment had gone.

RL emailed Mr G's IFA on 3 December 2021. It apologised that he'd had to chase the payment. And told him that it'd been advised on 1 December 2021 that provider A had rejected the direct credit it'd sent, but hadn't told it why. RL said it had sent an email the same day for the payment to be made by Telegraphic Transfer (TT). So it said the payment should get to provider A the following day.

RL said it had calculated - using this service's benchmark - the further investment loss on the redress amount from 19 November 2021, when Mr G had accepted the redress, to 1 December 2021. And this had led to a figure of £275.08. It offered to pay this to Mr G directly or to transfer it to provider A. It also offered to let provider A carry out a loss calculation from 19 November 2021 to 1 December 2021 instead.

Mr G asked RL to send the additional £275.08 payment direct to provider A. Mr G's IFA said that this payment arrived at provider A on 7 December 2021.

Mr G wasn't happy with RL's overall offer. So he brought his complaint to this service. He felt he'd lost more money than the £3,719.12 calculated. He wanted RL to compensate him in full for his financial losses, which he felt totalled over £6,000. He also wanted more than £200 compensation for the distress and inconvenience.

Our investigator didn't consider that the complaint should be upheld. He felt that RL's resolution to the complaint was fair.

Mr G didn't agree with our investigator. He felt that RL had gained financially by using his pension monies to trade outside the agreed terms.

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 not going to uphold it. I know my decision will be very disappointing to Mr G. But I'm satisfied that although RL did caused delays to the transfer, it has taken reasonable steps to put things right. I'll explain why.

It's not in dispute that RL caused avoidable delays to Mr G's transfer. RL has acknowledged that it should've completed the transfer on 2 August 2021 – ten working days after the necessary Origo transfer request was received - instead of 24 August 21.

As our investigator noted, taking ten working days to complete a transfer is within RL's service level agreement. And is also in line with industry standards. So I'm satisfied that the transfer should've been completed by 2 August 2021.

For things to have been fairly put right, this service considers that any redress should put Mr G back to the position he would've been in if there hadn't been a delay. So I need to consider if RL's offer does this.

The policy terms and conditions state, under Section 7.2 and 7.3:

"Your transfer date will be the business day on which we receive the last of your written instructions and any other documentation and information that we require or, if later, a date that you specify.

We will calculate the amount available to transfer at your transfer date. This amount will be equal to the value of the units held by your Core Investments as at that date, calculated according to section 7.3:

7.3 Value of the units held by your Core Investments

In each unit-linked fund the value of the units will be the number of units held by your Core Investments in that fund on your transfer date multiplied by the unit price of that fund".

So the amount RL should've transferred would be the amount reflected on Mr G's account when it received the Origo transfer request on 20 July 2021. This was £259,228.36.

This amount should've been transferred no later than 2 August 2021. But it wasn't transferred until 24 August 2021. So provider A calculated what Mr G's investments would've grown by between 2 August 2021 and 24 August 2021.

I consider that this was the correct period to look at. I say this even though I acknowledge that the transfer monies weren't invested with provider A until 1 September 2021. This is because I consider that the completion process would've taken the same amount of time if RL had transferred the monies on 2 August 2021.

Provider A calculated that Mr G's funds would've grown by £3,719.12 over the period from 2 August 2021 to 24 August 2021. RL has transferred £259,228.36 and £3,719.12 to provider A. I'm satisfied that in doing so, it has ensured that Mr G has been put back into the position he would've been in if the delay hadn't occurred.

I can see that provider A rejected the £3,719.12 payment RL sent, but didn't tell it why. RL re-sent the payment by TT so that it would get to provider A as quickly as possible. And also calculated the further investment loss on the redress amount from 19 November 2021, when Mr G had accepted the redress, to 1 December 2021.

Overall, I'm satisfied that Mr G has been put back into the position he would've been in but for the delays caused by RL.

I acknowledge that Mr G doesn't agree. He considers that RL has gained financially from the delays it caused. He said this because he was monitoring the value of his funds while they were still with RL. And he noticed that they were worth £264,525 on 24 August 2021.

While I understand why Mr G feels this way, I'm satisfied that RL didn't act incorrectly here. As I explained earlier, the 20 July 2021 valuation date was established by the terms and conditions, which RL correctly followed. And which Mr G agreed to when he took out his pension with RL.

I also consider that the terms and conditions were clear about how the transfer value would be calculated. If Mr G's transfer had been processed during a period of market decline, these same terms and conditions would've protected him from a decrease in value. Without the benefit of hindsight, it's impossible to know whether the terms and conditions will be beneficial to a customer or not. But I don't consider them to be unfair.

If there had been no delay, RL would've transferred £259,228.36 to provider A on 2 August 2021. And this would've been worth an additional £3,719.12 on 24 August 2021. I'm satisfied that this is the position Mr G is now in.

Distress and inconvenience

Mr G was clearly actively involved in his pension transfer and reasonably expected it to take place more quickly. I can see that it would've been distressing to see the transfer take longer than it should have. This is especially the case in what we now know was a rising market at the time.

However, I can also see that RL responded reasonably, and in what I consider a timely manner, to Mr G's complaint. It apologised for the delays. And arranged for a third party to carry out the financial redress calculations, which it then followed. It's also offered to pay Mr G £200 for the distress and inconvenience caused.

I acknowledge that there were further issues with the payment of the calculated financial redress. But I've seen no evidence that RL was responsible for these delays. And in any event, as our investigator noted, this service is unable to investigate complaint handling.

Overall, I consider that RL's offer of £200 for the distress and inconvenience it caused Mr G was reasonable under the circumstances.

From what I've seen, RL has taken reasonable steps to put things right. Therefore I don't require them to take any further steps. And I don't uphold the complaint.

My final decision

I don't uphold this complaint for the reasons above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 January 2023.

Jo Occleshaw
Ombudsman