

The complaint

Mr B has complained about delays when he transferred his pensions with another provider to The Royal London Mutual Insurance Society Limited (Royal London).

What happened

I issued a provisional decision on 29 September 2022. I've recapped here the background and my provisional findings.

'Mr B had two personal pension policies with another provider (the ceding scheme) which arose out of his membership of his former employer's pension scheme. Mr B changed employers and he wanted to transfer the two policies to his new employer's pension scheme with Royal London (the receiving scheme). Mr B first contacted Royal London in May 2020 about transferring. The transfer of one policy was completed on 16 December 2020 and the transfer of the other on 5 January 2021. Mr B was unhappy with the time the transfers took. He's complained to both providers involved – Royal London and the ceding scheme. This complaint concerns Royal London. I've set out a timeline of Royal London's key dealings with the ceding scheme and Mr B.'

19 May 2020: Mr B, a new member via his new employer's scheme, emailed Royal London about transferring.

22 May 2020: Royal London responded to Mr B enclosing a letter of authority (LOA) for him to complete and return which Mr B did the same day.

1 June 2020: Mr B chased Royal London for confirmation of receipt of the LOA.

12 June 2020: Royal London wrote to the ceding scheme requesting information about Mr B's policies and enclosing the LOA.

17 July 2020: Royal London chased the ceding scheme by email.

10 September 2020: Royal London chased the ceding scheme again and resent the emails. The ceding scheme replied by email saying it couldn't open the email and asked for it to be resent.

29 September 2020: Royal London received a letter from Mr B with a request from the ceding scheme.

1 October 2020: Royal London wrote to the ceding scheme with a request for information and enclosing a LOA.

20 October 2020: Royal London chased the ceding scheme by email. Royal London sent an update to Mr B.

23 October 2020: Royal London received information about Mr B's policies from the ceding scheme.

5 November 2020: Royal London emailed Mr B with illustrations and forms to complete it he wanted to go ahead with the transfers.

16 November 2020: Mr B returned documentation to Royal London. It says Mr B only included one transfer pack.

3 December 2020: Royal London raised an Origo transfer request with ceding scheme for one of the policies.

24 December 2020: Royal London told Mr B that it had only received one transfer pack.

4 January 2021: Royal London raised an Origo transfer request with the ceding scheme for the other policy.

5 January 2021: The second transfer was completed and confirmation sent to Mr B.

In its final response letter dated 13 January 2021 Royal London upheld Mr B's complaint. It said it had arranged for a payment of £350 to be paid into his account by way of an apology for the trouble and upset he'd been caused.

One of our investigators considered what had happened. He set out what he thought were reasonable SLAs (service level agreements) as to the time that tasks should've taken.

Send LOA or reply to an email: three working days

Request transfer of funds via Origo after customer confirmation: three working days

Send funds after Origo transfer request: three working days

Send information request or produce illustrations: five working days

Chase third party business if no reply: ten working days

Against that background the investigator set out the time line he thought should've applied:

22 May 2020: Mr B returned the LOA to Royal London

27 May 2020: Royal London should've sent the LOA to the ceding scheme

3 June 2020: the ceding scheme should've sent information about the policies to Royal London

10 June 2020: illustrations should've been sent by Royal London to Mr B

21 June 2020: Mr B would've confirmed to Royal London that he wanted to go ahead with the transfers (that's based on the actual timescale of 11 days)

24 June 2020: Royal London should've sent an Origo transfer request to the ceding scheme to the ceding scheme

29 June 2020: the ceding scheme should've sent the funds to Royal London.

If both transfers should've been completed by 29 June 2020, the delay for the first transfer was 170 days and 190 days for the second. The investigator apportioned the delays between Royal London and the ceding scheme. He took into account that the ceding scheme had received a request for information and a LOA from Royal London on 12 June 2020 plus further reminders. His view was that, had the ceding scheme dealt with things promptly at the initial stages, the transfers would've happened much earlier. Royal London had already paid £350 for the trouble and upset Mr B had been caused which the investigator said was reasonable.

Royal London accepted the investigator's view. The ceding scheme didn't. It accepted there'd been a delay in transferring one of the policies. It had received the transfer request on 3 December 2020 but, due to human error, the policy wasn't transferred until 16 December 2020. The ceding scheme asked Royal London for information to calculate if Mr B had suffered a financial loss due to the delay. It seems that wasn't initially provided, despite the ceding scheme chasing it. But Royal London did supply it later. It showed Mr B hadn't suffered any financial loss.

The investigator considered things again in the light of comments made by the ceding scheme who it seemed hadn't received Royal London's letter of 12 June 2020. If that was right, the investigator didn't think the ceding scheme could be responsible for any delay between then and 17 July 2020 when Royal London had chased things up. The investigator also thought Royal London should've done that earlier. The investigator amended his conclusions as to how the delay should be apportioned.

Royal London didn't comment on the investigator's revised view. We told Royal London the complaint would be referred to an ombudsman. The investigator sent a further letter on 15 August 2022 confirming that and asking for any further comments by 29 August 2022. We

didn't receive any further comments from Mr B or Royal London.

What I've provisionally 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.

As I've said above, Mr B complained to both Royal London and the ceding scheme. We've investigated the two complaints alongside one another. But the investigator issued separate views and I'm issuing separate decisions. This decision concerns Mr B's complaint about Royal London – the receiving scheme.

I think the SLAs set out by the investigator are a reasonable benchmark. But I bear in mind that there might be some slippage. If one or two steps took a slightly longer time then I don't think that must mean the time taken was excessive. I've considered how the transfers were progressed generally.

I note, in its initial email sent to Mr B on 22 May 2020, Royal London said it would be doing all the 'leg work' and all Mr B had to do was to complete the attached form (the LOA). Mr B did that and returned it the same day. But, and despite Mr B having chased up safe receipt, Royal London didn't contact the ceding scheme until 12 June 2020. Further, when the ceding scheme didn't reply promptly with the information requested, it wasn't until 17 July 2020 that Royal London chased the ceding scheme. By then getting on for two months had already passed. I think all of that time was down to Royal London.

Royal London has produced a copy of the email it says it sent to the ceding scheme on 17 July 2020. It's unclear if the ceding scheme received the email and if it contained sufficient information to identify Mr B and trace his policies. The investigator noted that an attachment appeared to have been removed from a later email Royal London sent to the ceding scheme (on 10 September 2020). So it was possible the same thing had happened earlier. If the LOA was removed then there wouldn't have been sufficient information to identify Mr B.

I don't have any reason to say the email wasn't sent by Royal London and I'd assume that the ceding scheme received it. It should've taken some action – even if only to respond to Royal London to say it couldn't trace the customer and/or policies and that more information was needed. That's what seems to have happened when the ceding scheme received a further email from Royal London on 10 September 2020.

But I'm not sure much turns on any failing by the ceding scheme in respect of the email Royal London sent on 17 July 2020, given that Mr B contacted the ceding scheme direct on the same day. It seems he told the ceding scheme that Royal London had sent an information request on 12 June 2020. The ceding scheme said it had no record of that. But it was able to locate Mr B's policies and send statements showing the current values, transfer discharge forms, the receiving scheme's transfer statement and plan details were emailed direct to Mr B. I'd assume he'd have passed the information on to Royal London.

But it wasn't until 10 September 2020 that Royal London contacted the ceding scheme again and resent the earlier emails. This time the ceding scheme did respond – it told Royal London it was unable to open the emails and asked for them to be resent. And, as I've mentioned, it seems there was an issue with an attachment to Royal London's email being removed. But, even if that issue shouldn't have arisen at the ceding scheme's end, the ceding scheme did tell Royal London it was unable to open the email and asked for it to be resent.

I don't see that the ceding scheme can be responsible for any delay when it had told Royal

London there was a problem which Royal London failed to respond to by contacting the ceding scheme. Royal London could've resent the emails or called the ceding scheme to try to sort out the problem or sent a further request by post. Royal London did that but not until 1 October 2020. Which meant, in the interim, the ceding scheme was unaware it needed to do something.

It seems Royal London tried again to contact the ceding scheme then because Mr B had been in touch with Royal London direct. He enclosed forms for Royal London to complete and return to the ceding scheme at the address he set out. And which he said would 'start the process of transferring' his policies. I've seen that on the same date (29 September 2020) the ceding scheme also received a letter from Mr B enclosing transfer discharge forms for both policies.

The ceding scheme got Royal London's letter of 1 October 2020 with enclosed LOA on 5 October 2020 and was able to trace the policies. I don't think it was because Royal London had included further or different policy details. I think it was because the ceding scheme then had Mr B's name and his address (which appeared on both the covering letter and the LOA) which enabled it to trace his policies – I think the ceding scheme wrote the policy number by hand on the covering letter so it wasn't supplied by Royal London. Before then, as the ceding scheme hadn't been able to open the emails and attachments Royal London had sent, the ceding scheme didn't have Mr B's address.

The ceding scheme sent the information requested to the Royal London on 13 October 2020. Given that the ceding scheme didn't receive the request until 5 October 2020 that's only just outside the five working days SLA that the investigator suggested was reasonable for responding to a request for information. And the ceding scheme had to trace the policies too. I don't think the time taken by the ceding scheme was unreasonable. I understand that Royal London didn't receive the information until 23 October 2020. But if I'm satisfied the ceding scheme sent the information within a reasonable period I don't see that scheme is responsible for the time it took to get to Royal London.

Royal London emailed illustrations to Mr B and forms to complete it he wanted to go ahead with the transfers on 5 November 2020. That's longer than the five working days that the investigator suggested would've been a reasonable SLA. It then took Mr B a little time to return the paperwork to Royal London – eleven days. And it wasn't then until 3 December 2020 that Royal London sent an Origo transfer request for one of the policies to the ceding scheme. Again that was longer than the three working days that the investigator said should've applied. The ceding scheme accepts there were errors which delayed that transfer being completed. But there was no financial loss and late interest was paid.

It wasn't until 4 January 2021 that the ceding scheme received a transfer request for the other policy. Royal London says the delay was because it had only received one transfer pack from Mr B. He disputes that – he says he sent both back to Royal London in the same envelope. As it would've been destroyed by the post room it wasn't possible to check. But I'm inclined to accept what Mr B says – his recollection is that he returned the forms for both policies at the same time. I don't think he's likely to have made a mistake about that. He's done what he can to try to move the transfers along. He'd been trying to transfer for some time and I think he'd have been careful to ensure that he did all he could to make that happen, including returning all necessary forms.

To sum up, I think there was delay on the part of Royal London more or less throughout. I don't think Royal London can be held responsible for the time taken to get the information following its 1 October 2020 request. So I've taken that period into account. Along with the actual time it took Mr B to confirm that he wanted to go ahead with the transfers.

The investigator suggested the ceding scheme should've sent the funds for both transfers to Royal London on 29 June 2020. Adjusting that for the time actually taken for Royal London to get the information back from the ceding scheme (about three weeks) and adding that to the overall time would take the date by which the funds should've been sent to Royal London to, say, 20 July 2020. I think that's fair and reasonable – Mr B initiated the transfer on 22 May 2020 and it should've been completed within two months or so.

Putting things right

That means Royal London will need to work out if Mr B has suffered any financial loss by comparing what his fund is currently worth with what it would've been worth had Royal London received the transfer values for both policies on 20 July 2020. The notional value should take into account any investment switches and any sums paid out.

If the actual current fund value is higher than the notional value then there's no financial loss. But if the notional fund value is higher then Mr B has suffered a financial loss. In that case Royal London will need to pay the difference between the actual and the notional fund value. If possible any redress should be paid into Mr B's pension plan so as to bring the value up to the notional value. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr B as a cash lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid. If Mr B hasn't yet taken any tax free cash from his plan, 25% of the loss would be tax-free and 75% would have been taxed according to his likely income tax rate in retirement – I'd presume that Mr B will be a basic taxpayer in retirement. So making a reduction of 15% overall from the loss adequately reflects this.

Royal London should provide details of the calculation to Mr B in a clear, simple format.'

In response to my provisional decision Royal London said its understanding was that it had accepted the investigator's view but the ceding scheme hadn't so a provisional decision requiring a loss assessment to be undertaken had been issued. Royal London said it accepted the findings.

Mr B also accepted my provisional decision. He said, on the basis he'd have withdrawn the increased pension value from his plan but was unable to do so due to the delay, he'd like the difference in fund value to be paid direct to him as a lump sum.

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 set out in full above what I said in my provisional decision and it forms part of this decision. In the absence of any further substantive comments, arguments, evidence or information from either Mr B or Royal London, my views remain as indicated. For the reasons I've given, I'm upholding the complaint.

Royal London must undertake a loss assessment as set out in my provisional decision and repeated above.

In my provisional decision I said, if possible, any redress should be paid into Mr L's pension plan but, if that wasn't possible a cash lump sum should be paid directly to him, on the basis I set out. Mr L has said that his preference is for a cash payment so I'd ask Royal London to facilitate that if redress is due.

My final decision

I uphold the complaint.

The Royal London Mutual Insurance Society Limited must undertake a loss assessment as set out above and pay any redress due.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 November 2022.

Lesley Stead
Ombudsman