

The complaint

Mrs B complains that Standard Life Savings Limited delayed a request to transfer her pension fund to another provider.

What happened

Mrs B had a Self-Invested Personal Pension (SIPP) with Standard Life. She says it took Standard Life 12 weeks to comply with her instruction to transfer the funds in the SIPP to another provider. She also had an ISA under the same wrapper with Standard Life and it was transferred in 8 weeks. She says she lost around £15,000, because of the delays, due to changes in the stock market. She complained to Standard Life.

Standard Life looked into her complaint. It said it had completed the transfer out request within its service level agreement timeframes and within the 'Financial Services' guidelines. It said that Mrs B had requested an in specie transfer for part of the funds in the SIPP and this needed to be completed before it could place sells for the other parts of the funds. It said this type of transfer could be technical and time consuming but it was satisfied it had completed the process in a timely fashion. The industry wide framework indicated that SIPP transfers can take on average three to six months.

Mrs B was not satisfied with this response. She referred her complaint to our service. Our investigator looked into the part of her complaint which related to her SIPP. Her complaint about her ISA is being considered in a separate complaint.

He looked at the timelines in relation to the SIPP transfer. He said he didn't think there'd been any significant delays in the process up to 3 November 2020. At that date Standard Life had received everything it needed to commence the transfer. But, it hadn't actioned the request until 13 November. After that date the transfer had been completed within nine working days. He thought there'd been an unreasonable delay actioning the information Standard Life had received on 3 November. If it had actioned that instruction when it received it, he thought the transfer would've completed on 17 November.

Our investigator said Standard Life should compensate Mrs B for the delay. It should determine what the value of her pension would have been if the process had started on 3 November, the funds transferred on 16 November and received by Mrs B's new provider on 17 November.

Standard Life didn't accept what our investigator had said. It pointed out:

- Mrs B's transfer was an in specie transfer. This was a complex process.
- It had previously explained to Mrs B and her advisers that the in specie transfer would be completed first – before any sells would be placed for the rest of her fund. This ensured that she remained invested throughout the process. This was in line with what the majority of pension providers did.

- Standard Life needed an instruction before it could place sells. The instruction received on 3 November related only to the in specie transfer and there was no separate instruction to sell funds prior to the completion of the in specie transfer.
- The proposed redress had been incorrectly based on this being a cash transfer when this was in fact an in specie transfer.

Our investigator considered what Standard Life said but he didn't change his view. He thought Standard Life had everything it needed on 3 November to commence the transfer. It didn't have to wait until the in specie transfer was completed before placing the sells. And, it had ultimately placed the sells before the in specie transfer was complete. It could've offered to do this much earlier.

Mrs B accepted what our investigator said. She didn't provide any further evidence about residual charges.

Because Standard Life didn't agree, the complaint was passed to me to decide. I issued a provisional decision in which I said:

“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.

I’d just point out at the outset that in this decision I’m only dealing with that part of Mrs B’s complaint which relates to her Standard Life SIPP. Her complaint about the Standard Life ISA is being dealt with separately.

I’ve considered the sequence of events here and I’ve provisionally decided not to uphold this complaint. I’ll explain why:

Standard Life received a request to transfer Mrs B’s SIPP to another provider on 28 September 2020. Attached to that request letter was an application form signed by Mrs B and a form signed by the new provider. Mrs B’s form was for a full transfer of her benefits in cash. The new provider’s form however indicated that the request was for an “in specie transfer.” There was an asterisk beside this information and it referred to a handwritten note on the form which stated:

“The Property Funds that are suspended are the only funds to be transferred in specie. All other funds are to be transferred in cash.”

Standard Life sent a valuation listing for each of the funds in the portfolio to the new provider on 6 October 2020. I don’t think there was an unreasonable delay providing this information to Mrs B’s new provider.

The valuation email set out some very important information about how the application would be dealt with. I’ve noted in particular, the following information:

- *In respect of the two property funds which were suspended, the fund managers permitted in specie transfers;*
- *One fund on the list could not be converted or sold. Standard Life didn’t think the new provider could hold this share class of fund but asked for confirmation from the new provider. If the new provider couldn’t hold this*

share class of fund then a partial transfer would have to be requested and the client would have to agree to that.

- Funds would be transferred via paper stock transfer forms.*
- If any assets were to be sold (rather than an in specie transfer) the authority and timing of the sales had to take into account the procedural rules. These were that all assets “accepted” as re-registering funds would be re-registered first and cash would follow last after all re-registering assets had completed and all charges paid.*

The email also included the following paragraph:

“Client’s (sic), their advisers and the new receiving pension providers need to be aware that if a fund is disinvested the resulting cash sits in the SIPP until the last re-registering asset is complete. The resulting cash is not transferred to the new provider. This is why it is particularly relevant to a Client/IFA as a financial decision needs to be made as to whether they wish to come out of the fund early with the knowledge that the Cash sits in the ceding SIPP until the last re-registering asset completes. Or they keep the fund in the market until the last re-registering asset is completed and then sell an asset(s) down.”

Attached to the email was a copy of Standard Life’s document entitled “Wrap Quick Guide – In specie transfers out – WRAP SIPP.” This document included the following wording about expected timescales:

“Whilst there is no industry guidelines with regards to Inspecie transfers, we are very reliant on third party timescales and through on going analysis have found that it’s not unusual for straightforward Inspecie transfers to take six - eight weeks.”

Having looked at the email of 6 October and the attachment, I’m satisfied it set out the process that would apply and what the expected timescales were.

The new provider shared this information with Mrs B’s financial adviser who raised a query. On 12 October the new provider asked Standard Life for further clarification about the asset that could not be sold or converted. The query raised was about whether this fund could be “left behind” until it was tradeable and, in that event, if any cash had to remain there too.

Standard Life responded on 25 October. It said that the financial adviser needed to contact it to discuss the query. Whilst it did take ten working days to respond to the query that had been raised, I have considered that the query raised was not straightforward. The SIPP for Wrap terms and conditions stated that Standard Life would only agree to a partial transfer if in its reasonable opinion it was cost effective for it to process the transfer or to administer the part left behind. In this case, Standard Life did agree that a part transfer could be facilitated. So, given the fact that the query was not straightforward, I don’t think the response timeframes were unreasonable.

On 3 November Standard Life received the acceptance from the new provider to proceed with the re-registration of the suspended property funds. I haven’t seen

anything to indicate that at this point Mrs B or her advisers had given Standard Life an instruction to disinvest the rest of the assets in her SIPP.

Standard Life had made clear in its email of 6 October that it wouldn't disinvest the rest of the assets prior to the completion of the in specie transfer unless the client/IFA made a decision to do so early. And, if that decision was made early, the cash wouldn't be transferred to the new provider until the last re-registering asset had been completed. The email set out the reasons why that approach was taken. Mrs B's adviser had received and commented on a copy of that email – so, it should've been aware of its contents and considered the timing of any disinvestment instruction.

The in specie transfer was actioned by Standard Life eight days after it was received, and the re-registrations completed on 25 November. I don't think there was an unreasonable delay actioning or completing the in specie transfer requests. This process can take longer and involves different parties.

The disinvestment instruction was given to Standard Life by Mrs B's adviser on 13 November. That was before the in specie transfers had completed. But, because Standard Life was aware of the complaint about delays, I can see that it decided to check whether Mrs B wanted to make a decision to disinvest before the in specie transfer had completed. It didn't have to do that because, as explained above, it had already explained the usual process in its email of 6 October. So, I'm not persuaded that it was required to raise this query with Mrs B's advisers at all or earlier than it did. I think it raised the query at this point because it wanted to ensure that the timescales were fully understood – I think that was fair and reasonable.

The sells were placed on 17 November and settled on 24 November. The funds were received in Mrs B's new SIPP on 26 November. I don't think there was an unreasonable delay acting on the disinvestment instructions.

Having considered everything here, I don't think there was an unreasonable delay actioning Mrs B's request to transfer her pension fund to another provider. So, I don't intend to require Standard Life to have to take any further action.

My provisional decision

For the reasons given above, my provisional decision is that I do not intend to uphold this complaint about Standard Life Savings Limited.

Mrs B acknowledged receipt of my provisional decision. She didn't make any comments.

Standard Life hasn't responded to my provisional decision.

So I now need to make my final 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 the responses to my provisional decision. I haven't received any new or further information. So, there's nothing that persuades me to change my view, or the reasons for my view, as set out in my provisional decision.

My final decision

For the reasons given above, I do not uphold this complaint about Standard Life Savings Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 16 December 2022.

Irene Martin
Ombudsman