DRN-3801397

The complaint

Mr P complains that Standard Life Assurance Limited failed to complete the transfer of his pension savings to a new provider in a timely manner.

What happened

Mr P held pension savings with Standard Life. He had previously received advice and support on those pension savings from a financial advisor. In September 2020 Mr P decided to transfer his pension savings to a new provider that I will call H. Mr P was aware that it is generally quicker to complete pension transfers of savings that are held in cash so he decided to sell his pension investments before starting the transfer. But, four of the funds in which Mr P's pension savings were invested were suspended from trading at that time. So Mr P was unable to complete the sale to cash of all his assets.

When Standard Life received the transfer request from H, via the automated Origo Options system, it advised H of the suspended funds. Standard Life asked H if it would be able to accept an in-specie transfer for those investments. But, following a request it received from Mr P for an update on the transfer, Standard Life also said that it might be able to consider offering a partial transfer. It wrote to H, and Mr P's financial advisor, to ask whether Mr P might be interested in that option.

The following day, Mr P wrote to Standard Life to say that he would like a partial transfer to be completed. But it seems that Standard Life then again contacted H via Origo to ask whether it would accept an in-specie transfer. H confirmed that it would, and asked Standard Life for a full valuation of Mr P's pension investments. But in-specie transfers cannot be completed via the automated Origio system. So Mr P was required to complete a paper instruction, and H sent this to him in early November.

Those forms were completed by Mr P and provided to Standard Life in mid-November. It seems that Standard Life then started the process of re-registering the suspended investment funds. But due to the time that this was taking, as a gesture of goodwill, Standard Life altered its normal process and transferred the cash that Mr P held in his pension to H on 5 January 2021. The transfer of the remainder of the in-specie holdings, and some further cash Mr P had realised from the sale of one asset once its suspension had been lifted, completed towards the end of February.

Mr P's complaint has been assessed by one of our investigators. She didn't think the delays to Mr P's transfer has resulted from something that Standard Life had done wrong. So she didn't think the complaint should be upheld.

Mr P didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr P and by Standard Life. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

There were three regulated firms that had an involvement in Mr P's transfer. Standard Life held Mr P's pension savings, and so needed to transfer them to H. H was the recipient of the transfer. But it was responsible for acting on Mr P's behalf in making the request of Standard Life, and directing the nature of the transfer (partial, cash only, in specie etc). And, although Mr P had made no request of the firm, Standard Life and H both made contact with Mr P's financial advisor to seek clarification from Mr P of his intentions.

And I think it is important that I should reflect a little more on how the transfer process needed to run. It was for H to request the transfer and deal with Standard Life on Mr P's behalf. Generally it wasn't appropriate for Standard Life to be instructed by Mr P since taking instructions in that way might mean that it transferred assets to H, that it was unable to accept. So Mr P was reliant on H to implement the transfer activity on his behalf.

This complaint though only deals with the actions of Standard Life. So in my decision I will not be making any findings about the involvement of the other firms – H and Mr P's financial advisor. Whilst it might be necessary for me to refer to the actions those firms took in progressing the transfer I do so without any inference of fault. That is only something that would be considered should Mr P make a complaint about the actions of those firms.

As Mr P reasonably identified, a transfer of cash to another pension fund should be far simpler and quicker than a transfer involving invested assets. But unfortunately for Mr P he wasn't able to disinvest all of his pension savings – there were four funds in which he had investments on which trading was suspended. So, when H sent the first transfer request to Standard Life, Mr P's pension savings were in a mixture of cash and investments. That meant Standard Life wasn't able to accept the initial request – for a cash only transfer - and needed to seek further instructions from H.

I can see that around that time Mr P himself chased Standard Life. And in response to that Standard Life sent an email to H, and to Mr P's financial advisor, to explain that it might be able to offer a partial transfer, and just move Mr P's cash pension savings, leaving the suspended investments until a later time. But I think the email Standard Life sent was very clear – offering a partial transfer was not within its normal practice, and any request for a partial transfer would be considered on a case by case basis. It was simply suggesting that Mr P might be able to make a request for that consideration – it was not telling him that a partial transfer would be approved.

Although Mr P told Standard Life that he would like a partial transfer to be considered, H didn't make that request. And as I've explained above, Standard Life was reasonably reliant on H to direct the basis on which the transfer should proceed. So I don't find any fault in Standard Life for the possibility of a partial transfer not being explored further at that time.

The revised request that Standard Life did receive from H was for an in-specie transfer in regard to the four investments that Mr P had been unable to sell. I can see that Standard Life received that request on 20 November. Generally I would expect to see a transfer request of that nature be completed within a period of around three months. An in-specie transfer will usually take far longer than a cash transfer given the need to agree the assets being transferred, and arrange their re-registration with the appropriate fund managers. So I don't think that request – that completed in February 2021 – took an unusually long time to be concluded.

But the main focus of Mr P's complaint was that the majority of his pension savings were held in cash from around the time his initial transfer request was made in September 2020. And I can entirely understand why that was so disappointing for him given the investment returns that he might have missed out on. But as I've explained above, a pure cash transfer wasn't possible due to the suspended funds. And in line with best industry practice, cash is generally the last asset to be transferred when an in-specie transfer is being made. That allows for the collection and transfer of any income payments received by the other investments, and for any outstanding administration fees to be settled before the transfer is completed.

As a gesture of goodwill, Standard Life did agree to alter its normal transfer timeline, and paid Mr P's cash pension savings to H on 5 January 2021. I think that was a reasonable gesture in recognition of the time that the transfer had taken overall. And, in line with what I've said above means that, had the transfer progressed as in-specie from the start, and the cash been transferred at its conclusion, there would have been little difference in when the cash was available in the new pension fund.

I appreciate Mr P's frustration at the length of time this transfer took. But the overall time was a reflection of both the change in approach that was needed when the suspended investments were identified, and the natural time it takes for two different firms to undertake the necessary administrative steps at each stage of the transfer process. I haven't seen anything that makes me think Standard Life was responsible for any undue delays at any stage of the end to end transfer process. Ultimately it was Mr P's decision to sell the majority of his pension investments before the transfer had been agreed. So I don't think Standard Life is responsible for any lost investment returns on those pension savings.

In summary, I don't think that Standard Life is responsible for any unreasonable delay in the transfer of Mr P's pension savings to H. It follows that I don't think this complaint should be upheld.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Standard Life Assurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 December 2022.

Paul Reilly
Ombudsman