

The complaint

Mr A complains about delays by Vanguard Asset Management, Ltd (Vanguard) in dealing with a transfer of funds to Mr A's Vanguard SIPP (self invested personal pension). Mr A says the delays meant he was unable to invest as he'd planned and he suffered a financial loss.

What happened

I don't think there's much dispute about what happened. Mr A contacted Vanguard about transferring the proceeds of his pension policy with Close Asset Management (CAM) to his Vanguard SIPP in February 2022. He wanted the transfer value invested over three selected funds. Vanguard told Mr A that, as the funds he was invested in with CAM weren't Vanguard funds, they'd need to be sold and converted to cash and then transferred. The transfer was to be done via the Origo system – an online process aimed at streamlining transfers and reducing the time a transfer takes.

Later, on 7 March 2022, Mr A told Vanguard he didn't want to go ahead with the transfer at that time. He said he was temporarily holding off liquidating his CAM portfolio due to market volatility. Vanguard cancelled the transfer.

Mr A made a new transfer request online on 28 March 2022. A paper request was required and submitted on 1 April 2022. Mr A queried that on 6 April 2022 given that CAM could accept Origo transfers. Vanguard acknowledged that on 6 April 2022 but didn't follow it up until 18 April 2022.

Vanguard received the transfer value from CAM on 16 May 2022. Vanguard confirmed to Mr A on 19 May 2022 that the transfer value of £43,626.31 had been received. Vanguard said, if Mr A hadn't provided investment instructions for the transfer, he might wish to do that by accessing his account online.

But Mr A didn't actually make any investments at that stage. I understand that was because he was unhappy with the then pricing of the funds he wanted to invest in. He didn't invest the transfer proceeds until mid June 2022. The funds he selected then weren't exactly the same as those he'd chosen in February 2022. And not all of the transfer value was invested. Out of £43,626.31 transferred, £37,451.50 was invested. That left a balance of £6,174.81 which wasn't invested until 3 October 2022, along with an additional £1,280.66.

Mr A had, on 19 May 2022, complained to Vanguard about the time taken. Vanguard said the transfer request wasn't submitted via Origo within the expected timeframe which had contributed nine working days to the delay in completing the transfer. Mr A had also had to chase for updates. But the transfer had been completed on 19 May 2022 which was 59 business days. Vanguard said it would make a payment of £50 to Mr A for the trouble and upset caused.

Mr A didn't accept that. Vanguard reviewed Mr A's further comments but Vanguard didn't change its view.

Mr A referred his complaint to us. He said the (cash) transfer had eventually been completed on 19 May 2020 with Vanguard confirming receipt into his Vanguard account on 20 May 2022. Mr A said he'd been in constant contact with Vanguard to ensure he wasn't out of the market for any length of time. The financial markets were very volatile due to world events and he wanted the money to be available for immediate investment.

Mr A said he'd suffered estimated losses of between £700 and £900. That was based on the pricing of the funds on Friday 20 May 2022, when his funds were available to invest, some days after Vanguard had received them. Mr A said no explanation had been given as to where his funds had been in Vanguard's systems in the intervening days. He'd postponed the trades until mid June 2022 when investment opportunities arose again at something like his researched pricing preferences.

Our investigator issued his view on 14 October 2022. He said Vanguard had taken steps to manage Mr A's expectations – Vanguard had said this type of transfer could take up to eight to ten weeks. The transfer hadn't taken that long but the investigator thought parts of the process could've been completed quicker. And Vanguard had acknowledged some delays. The investigator said Vanguard shouldn't have initiated the transfer on paper – the first (aborted) transfer was to be completed via Origo and the follow up transfer should've been the same.

The investigator said there'd been delays totalling twelve working days, which included three days because the funds had unmatched expectations (meaning that Vanguard didn't hold instructions as to how Mr A wanted to invest) which had to be resolved before the transferred funds could be invested. Without the delays, Vanguard would've received the transferred funds on 3 May 2022.

The investigator said Vanguard should calculate the value Mr A would've received had the funds arrived on 3 May 2022. Mr A's loss (if any) should be calculated by obtaining the notional value of the transfer from CAM had it been received and applied to Mr A's Vanguard SIPP on 3 May 2022 and subtracting the current value of the pension from this notional value. The investigator set out how any compensation due should be paid. He also said Vanguard should pay a higher amount - £100 – for the distress and inconvenience Mr A had suffered.

Vanguard agreed to undertake a loss calculation as suggested by the investigator. It didn't show that Mr A had suffered any financial loss.

But the investigator then thought again about the loss assessment. On reflection he didn't think backdating the transfer was the right outcome. He thought it was more about whether Mr A had suffered any investment losses. The investigator suggested a revised approach. He asked Vanguard, on the basis the transfer should've taken place on 3 May 2022, to carry out a loss assessment using Mr A's expectation funds on the earliest possible date within Vanguard's service level agreement and for this to be compared with Mr A's eventual investments. If there was a loss it should be unwound – so as if the investments had been made on that earlier date.

Vanguard pointed out that there'd been no expectation funds set for the second transfer. And Mr A had chosen different funds. For the earlier cancelled transfer he'd wanted to invest a total of £32,600 across three funds (two LifeStrategy funds and a FTSE 250 UCITS (Undertakings for Collective Investment in Transferable Securities) ETF (Electronically Traded) fund. Mr A's investment instructions in June 2022 were different. He'd invested a total of £37,451.50 (out of the £43,626.31 transferred) over several funds, only one of which (the FTSE 250 UCITS EFT fund) had been selected originally. As noted above, the balance

of £6,174.81 plus an additional £1,280.66 was invested on 3 October 2022 across three of the funds.

The investigator asked Mr A why he'd selected different funds. Mr A said that global events and their effects on the financial markets during the period of delay had led him to revise his investment strategy, particularly as to Vanguard's lifestyle funds which were mixed equity and bonds. Mr A said the latter had been '*decimated*' with better value elsewhere.

The investigator thought it was understandable that Mr A had waited until June 2022 to commit to investing and when he felt he'd been disadvantaged by the timing of the transfer from CAM. The investigator explained that to Vanguard and asked Vanguard to complete a revised loss assessment based on the earliest available investment date after the transferred funds should've been received (3 May 2022) against the number of units purchased in Mr A's chosen funds on 17 June 2022. The investigator didn't include the October 2022 investments as he considered sufficient time had passed since the transfer and additional funds had been added.

Vanguard did the calculation as requested but it didn't show that Mr A had suffered any financial loss as a result of any delay between 3 May 2022 and 17 June 2022 in investing in his chosen funds. The investigator shared the calculations with Mr A.

Mr A said he'd never fully followed why May dates were being used when all along he'd complained about the internal delay once Vanguard had received his funds from CAM. He didn't think Vanguard had adequately addressed the issue of it taking so many days to credit Mr A's internal account in order to put him in a position to execute trades into his selected funds. He queried who was using his money during that delay. He said it took minutes to electronically transfer funds of over £40,000 from CAM to Vanguard but it then took Vanguard more than five working days to allow him to use them. During which period the prices of his chosen funds had increased based on a general market recovery and which was the quantification of his loss. He said what he'd suspected would happen had happened – that Vanguard had selected criteria to suit themselves.

As agreement couldn't be reached the complaint was referred to me.

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 agree with the approach taken by the investigator which Vanguard has accepted. Although there was delay on Vanguard's part in dealing with Mr A's transfer, from what I've seen, I don't think Mr A suffered any financial loss in consequence.

Looking first at the aborted transfer, I'm not sure if there's any suggestion that Vanguard delayed in dealing with that transfer request which Mr A made on 22 February 2022. But, in any event, it seems Mr A had second thoughts about the timing of the transfer, given global events and which had led to volatility in the financial markets. Mr A decided not to go ahead at that stage. That was his decision. Vanguard isn't responsible for the original transfer not proceeding.

Mr A instructed the second transfer on 28 March 2022 and it was completed on 16 May 2022. Although that's within the eight to ten weeks timeframe which Vanguard had indicated for a cash (not in specie) transfer, Vanguard accepts there was a delay on its part. That arose because a paper transfer request was made, whereas the original request was to be processed via the Origo system. Mr A had queried why a paper transfer request had to be

made but Vanguard failed to pick up on that which Vanguard accepts resulted in a delay of some nine working days.

The investigator also said it seemed switching from Origo to a paper transfer meant that the funds when they arrived on 16 May 2022 had '*unmatched expectations*' and there was a further delay before the issue was solved. I'm not entirely clear if that was down to not using the Origo system. Mr A had given investment instructions for the original transfer in February 2022 but that transfer was cancelled. Even if the second transfer had proceeded via Origo, I think Mr A would've still need to give new, up to date, investment instructions. But as Vanguard hasn't raised the point and given the overall outcome, I haven't looked into that issue further.

Where a business accepts that it hasn't handled things as well as it should've done, our approach is to try to put the consumer in the position they'd be in, had the business dealt with the matter as it should've done. That's the situation here – Vanguard accepts there were delays on its part. So any compensation will be based on what Mr A's financial position would've been, but for Vanguard's delays.

Vanguard has undertaken two loss calculations using different funds but both based on what Mr A's comparable position would've been if the transfer value (or most of it) had been invested on 3 May 2022. I think that's fair and reasonable and consistent with our usual approach. Neither calculation shows that Mr A has suffered a loss.

I know Mr A remains unhappy. Mr A told the investigator on 12 October 2022 that, had the funds been in his Vanguard account on 16 May 2022, he'd be in a better position (by some £700 to £900) than when he did eventually invest in mid June 2022. It seems Mr A's dissatisfaction centres not so much on the time taken for the funds to reach Vanguard but that, once the money reached Vanguard, it wasn't available investment until some days later.

I note all Mr A has said about how quickly funds can be transferred electronically and it being unclear where his funds were during the intervening period and who was using them. I accept what Mr A says and that, if 16 May 2022 is the applicable date, he's suffered the losses he's pointed to. But I don't agree that 16 May 2022 is the appropriate comparator date. It ignores the earlier (nine days) delay. The investigator worked out, taking into account that delay, Mr A's funds should've been with Vanguard on 3 May 2022 and that's the date Vanguard has used for the calculations. I think that's the right date. It puts Mr A in the position he'd be in, had there been no delays on Vanguard's part.

I think the distress and inconvenience payment is fair and reasonable too. I understand that Mr A was somewhat surprised that the payment was made without prior warning. I agree a courtesy email might have been helpful but I think the main point is that Vanguard was looking to put things right without delay. I think the sum paid is in line with what we'd award for trouble and upset in a situation such as this.

My final decision

I uphold the complaint. Vanguard Asset Management, Ltd should pay Mr A £100 for distress and inconvenience suffered as a result of delay by Vanguard Asset Management, Ltd in dealing with Mr A's transfer.

For the avoidance of doubt the £100 isn't in addition to any sum that's already been paid. So if that sum has already been paid to Mr A and hasn't been returned by him no further payment is due.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 April 2023.

Lesley Stead
Ombudsman