

The complaint

Mr P says AJ Bell Asset Management Limited ('AJ Bell') mismanaged the task of sending him the closure cheque for his Self-Invested Personal Pension ('SIPP') in 2021. He says the cheque was supposed to be sent to him abroad by DHL but it was not, and that the process involved errors and delays before he eventually received and cashed it around six months later. He claims compensation and considers the £100 offered by AJ Bell to be insufficient.

What happened

Both parties have addressed the chronology of key events in this case and, in summary, they are as follows:

- Mr P says he had asked AJ Bell, in May 2021, about having the SIPP closure cheque ('the cheque') sent to a relative's address in the UK, but was told that could not be done and that the cheque could only be sent to his home address, which was abroad (the 'home address'). On 31 August 2021 AJ Bell agreed to send the cheque to the home address by DHL, because ordinary mail was known to take a long time to arrive in the home address' country and home-town. However, on 15 September 2021 it updated him to say the cheque had been sent by Royal Mail on 3 September (with a tracking number). Royal Mail's tracking service confirmed that the cheque reached the country's capital on 10 September.
- On 29 September 2021 Mr P received notice that the cheque had arrived at his local post office. He collected it on 30 September and attempted to pay it into his bank account on the same date. As he did so, the bank staff told him the cheque was unacceptable. In his correspondence with AJ Bell the following month, he said the bank told him the cheque was unacceptable because '*it had an alteration*' in its date and because the British dating format used on the cheque '*was not acceptable*' in the home address' country. In his complaint submission to this service, he explained that the alteration was the main reason the cheque was rejected and that it was unlikely the dating format would have impeded payment.
- Mr P fed the problem back to AJ Bell. Both parties corresponded from 1 October 2021, when he updated AJ Bell, and up to 18 October, when AJ Bell confirmed it had arranged for a new cheque (the 'second cheque') to be sent to him by DHL. During the correspondence, AJ Bell offered to transfer the cheque's value to Mr P's UK bank account but he made clear he needed the funds where he resided (abroad); it also wrongly suggested that the cheque had been encashed, which Mr P took objection to and subsequently received an apology (from AJ Bell) for. AJ Bell also explained that it did not normally use DHL's service, but it agreed to do so for the second cheque, and to use the required dating format.
- On 29 October 2021 Mr P updated AJ Bell to say he had received the second cheque. He updated further on 7 November 2021 to say he had deposited it and that its clearance should take around three weeks. He complained about exchange rate depreciation he expected to incur due to the delay up to that point. AJ Bell acknowledged his complaint on 9 November.

- On 22 November 2021 Mr P updated AJ Bell again, to say he had been told by his bank that the second cheque had been rejected by AJ Bell's bank (Bank of Scotland ('BoS')). On the following date he told AJ Bell that the only reason for the rejection, as he had been told by his bank, was stated as "no mandate".
- AJ Bell replied on 23 November 2021 and confirmed that it would be looking into the matter. On 3 December it said it would send another cheque (the 'third cheque') and that it had verified the second cheque against its mandate with BoS and found no error. It repeated its offer to send the cheque's value to his UK bank account and it said, in response to Mr P's query at the time, that it could not make a [transfer] payment to his bank account abroad. Mr P's repeated request to have the cheque sent to an address in the UK was also declined.
- On 20 December 2021, Mr P updated AJ Bell to say he had received the third cheque, and confirmed he would be submitting it to his bank the following day. In a further update on 20 January 2022 he told AJ Bell the cheque had yet to be cleared, and he referred to the impact upon him and his family caused by being deprived of the cheque's funds around that time. He provided the same update, on the cheque, on 3 February 2022. On 24 February 2022 the third cheque was cleared in his account.

One of our investigators looked into the complaint and concluded that it should not be upheld. He considered that the £100 offered to Mr P, by AJ Bell, was enough compensation for the trouble caused by the parts of the process it mishandled, but there were no grounds to ask it to pay more. His main findings and, where relevant, Mr P's rebuttals to them are as follows:

- The terms for the SIPP provided only for transfer payments to a UK bank account, and AJ Bell's approach towards sending payments overseas by cheque was relevant to its protection of customer's funds.
In response, Mr P said AJ Bell had previously refused to make payments to a Jersey bank account he had nominated, despite Jersey being a UK territory and despite the fact that his UK state pension was being paid into that account. He considers that this history led to the problems in 2021.
- AJ Bell was not obliged to send the first cheque by DHL and, in any case, its delivery to the home address' country happened within reasonable time. It should not have promised to send the cheque by DHL, but that did not make a difference in the case. In response, Mr P said it took a further 19 days after delivery to the country before the cheque was received in his home-town; the DHL aspect makes a difference in the case because such courier service would have ensured the cheque arrived, directly to his home, within four days; and it is noteworthy that he offered to pay for the DHL service.
- Irrespective of the alteration on the first cheque, it would have been rejected anyway because it used the British dating format, and Mr P has confirmed that it was rejected because of the alteration *and* the dating format. It was not unreasonable for AJ Bell to have used the British dating format on the cheque, and upon being told about the problem it issued the second cheque within reasonable time.
In response, Mr P said the alteration on the first cheque cannot be disputed; it can be seen in the copy of the first cheque that has been submitted as evidence; this was the main reason the cheque was rejected and the dating format was more of an advisory matter (for AJ Bell to be mindful of in issuing the second cheque).

- AJ Bell's comment about the first cheque being cashed resulted from it being told by its bank that the cheque had been cashed. Whilst this would have been frustrating to Mr P, because he knew he had not cashed it, AJ Bell's action upon information from its bank and in verifying whether (or not) the cheque had been cashed, before issuing a substitute, was not unreasonable. It investigated this promptly, established the cheque had not been cashed and apologised to him for its earlier comment. In response, Mr P said he had already informed AJ Bell that the cheque could not be cashed, yet it proceeded to say the opposite; and any issue of misinformation between it and its bank led to consequences that he incurred.
- There is evidence that the second cheque was signed in accordance with AJ Bell's mandate with BoS at the time, so it is not clear why BoS rejected it and there is nothing to say AJ Bell did something wrong in issuing it. Furthermore, it took reasonable actions to issue the third cheque and used different signatories for that, and the third cheque was accepted. In response, Mr P said this aspect remains unexplained; that it is another issue between AJ Bell and BoS that has led to consequences that he incurred; and that AJ Bell holds ultimate responsibility in the entire matter.
- AJ Bell should not have promised to send the first cheque by DHL only to send it by ordinary post, and there was also the issue about the alternation in that cheque, but there is no evidence that it committed further errors. It acted quickly to address the problems that arose, and in this context its offer of £100 is reasonable. In response, Mr P repeated the hardship he (and his family and wider dependants) faced due to being deprived of the funds in the cheque for so long, especially over the 2021 Christmas period; he does not consider that the offer covers the hardship and distress that was caused, or AJ Bell's ultimate responsibility in the matter or the costs and charges he incurred in chasing progress in the matter (and the bank charge for rejection of the second cheque); he also did not consider that AJ Bell acted quickly in response to the problems.

The investigator was not persuaded to change his mind and the matter was referred to an Ombudsman.

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 too have not been persuaded to uphold Mr P's pursuit for higher compensation from AJ Bell. Overall and on balance, I do not consider that there are grounds for such compensation and I take the view that the offer of £100 that has been made to him is fair and reasonable in the circumstances of his case – and in the context of what AJ Bell can fairly be held responsible for.

I understand why Mr P says AJ Bell retains ultimate responsibility in the matter. AJ Bell was the firm he had a relationship with and it was the firm responsible for remitting to him, safely and efficiently, the SIPP's closure payment. From this perspective, his argument that AJ Bell holds overall responsibility in the matter is unsurprising.

However, such responsibility will be fairly determined if, with regards to the payment's journey between August 2021 and February 2022, there is evidence of wrongdoings by AJ Bell that caused a delay(s), and/or evidence of it having responsibility for actions and/or wrongdoings by third parties in the process, and/or evidence of it not managing progress of

the matter (including attention to the problems that arose) as it ought reasonably to have done. A determination on grounds other than these would probably be arbitrary and unfair. As I explain below, on balance, I do not consider that available evidence establishes any of these.

If, as it appears, AJ Bell was not prepared to send the first cheque by DHL – or by any means other than ordinary/Royal Mail post – it should not have given Mr P the impression that it was prepared to do so, and it should not have promised him that it would do so. This unfairly raised his expectation at the outset and it was wrong to do that. However, its notice to him on 15 September serves as a mitigating factor. That notice meant that around a fortnight after he was misled (on 31 August) to expect the cheque by DHL he was told the cheque had actually been sent by ordinary mail. As such, his expectation was corrected at this point and, thereafter, he knew what to anticipate in terms of delivery. It was also helpful for him to have been told that the cheque had been sent on 3 September. That too would have helped to inform his expectation on delivery.

After the contact on 31 August, the first cheque was sent on 3 September, so there was no undue delay in this respect.

As the investigator said, AJ Bell was not obliged to send it by DHL. I have not seen evidence of such an obligation, or evidence that it ought reasonably to have transferred the payment to Mr P's bank account abroad or sent the cheque to his relative's UK address. The terms for the SIPP allowed for payment only into a UK bank account and sending the cheque to an address that was not his home address would probably have raised legitimate safeguarding concerns. I am not persuaded to be drawn into the history that has been mentioned with regards to the notion of payments to Mr P's Jersey account. That history appears to be set in or around 2018 and I do not consider it directly relevant to the events in 2021. There is evidence that around the time of the SIPP closure payment in 2021 both sides discussed how the payment would be remitted and went through options, ending with AJ Bell's promise to do so by DHL. In this context, I do not consider the events of 2018 to be as relevant as Mr P appears to believe they are.

AJ Bell's wrongdoing at the outset is therefore limited to its misinformation to Mr P about using the DHL service, which it mitigated and corrected around a fortnight thereafter. For the sake of my analysis, I should note that I also have not found it responsible for time taken during postage/transit of the cheque, it was not required to use any particular fast courier service and the time taken in postage/transit was a matter beyond its immediate control.

After sending the first cheque on 3 September, another wrongdoing by AJ Bell emerged. The alteration on the cheque discovered on 30 September partly led to its rejection. I am satisfied that it was responsible for the alteration. It drafted and issued the cheque, so the alteration would probably have happened as it did the former. I share the investigator's view that it committed no wrongdoing in using the British dating format on the cheque. As a UK regulated firm and in the absence of prior notice to use a different dating format, it was not unreasonable for it to have done so. I also agree that evidence initially from Mr P was that the cheque was rejected because of the alteration *and* the dating format. Subsequent evidence from him has repeated that no bank in the relevant country would find a cheque with the British dating format acceptable. I note this evidence because, more recently, he appears to have argued that the alteration was the only or main reason the first cheque was rejected.

In this context, whilst AJ Bell was responsible for the alteration, I do not consider it was responsible for the rejection of the first cheque. Without the alteration the cheque would probably have been rejected because of the dating format. I do not accept that AJ Bell could reasonably have been expected to foresee that without prior notice to do so. Overall, and

mainly for this reason, I do not find it responsible for the rejection of the first cheque. The rejection was unfortunate, it certainly impacted upon Mr P (and his plans for his funds) and AJ Bell ought to have known better than to issue an altered cheque. However, in the absence of that error the cheque would probably have still been rejected and AJ Bell would not have been responsible for that.

It took AJ Bell around two and a half weeks to address the problem caused by the first cheque's rejection. At first sight, it could be said that it should have done so in less time. However, bearing in mind the complication that arose with regards to whether (or not) the first cheque had been cashed – which appears to have been investigated between 4 and 9 October – I do not consider that AJ Bell's action here was unduly delayed. The complication does not appear to have been its fault, it was wrongly told by its bank that the cheque had been cashed and it was prompted to investigate further when Mr P reminded it that the opposite was the case. It had to investigate the matter and that would have been dependent on input from its bank, so the investigation would not have been completely under its control. Overall, I do not find that it was responsible for a delay in addressing the problem with the first cheque and in issuing the second cheque.

I also do not find that it committed any wrongdoing with regards to the second cheque being declined by BoS, after being presented by Mr P's bank. For this reason, I do not accept that it should be responsible for any associated charge applied by Mr P's bank. I have seen evidence of the cheque and evidence of those within AJ Bell's BoS mandate document at the time who were permitted to undersign it. The signatures on the cheque were from officials approved and listed within the relevant section of the mandate document, so the notion that the cheque was in breach in this respect is not supported by evidence. No other reason was given for rejection of the second cheque. On this basis, there is no evidence that AJ Bell did something wrong with the second cheque that led to its rejection. The fact that different officials were used to undersign the third cheque, which cleared, does not automatically mean the earlier rejection was correct – or that AJ Bell was responsible for it.

AJ Bell looked into this problem between 23 November and 3 December. On the latter date it confirmed the third cheque will be issued. In the circumstances, this was not unduly delayed action. Again, it would have been dependent on input and an explanation from BoS – which appears to have been awaited but not received – so this investigation was also not completely under AJ Bell's control.

The third cheque was safely received, submitted and cleared. Unfortunately, it took quite a while to clear, but that was a matter for Mr P's bank, and one beyond AJ Bell's responsibility.

I acknowledge and understand the impact of the delayed remittance (upon him, his family and his wider dependents) that Mr P has described. However, other than the direct effect of the misinformation he received from AJ Bell at the outset (that is, his misled expectation between 31 August and 15 September) and its error in the first cheque's alteration (the absence of which would probably not have made a difference to the cheque's rejection), I have not found it responsible for the overall remittance delay in any meaningful way. My reasons are as I have set out above and my findings lead to the conclusion the £100 offer it made to Mr P is fair and reasonable in the circumstances. It essentially and mainly addresses the impact of the initial misrepresented DHL promise over the two weeks in which the promise misled Mr P. In this context, the offer is reasonable.

My final decision

For the reasons given above, I do not uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or

reject my decision before 4 April 2023.

Roy Kuku
Ombudsman