

## **The complaint**

Mr T has complained about the delays and errors for which he has said Novia Financial Plc were responsible when processing the transfer to it of his Self Invested Personal Pension (SIPP) funds. This caused a delay to Mr T accessing his tax free cash and has caused a great deal of stress and inconvenience.

## **What happened**

In February 2021, Novia sent the transfer authority to the ceding scheme, but this was rejected as Mr T's name didn't match that on the latter's records. The name was then corrected, and the transfer authority was resubmitted by Novia on 18 March 2021.

The ceding scheme confirmed receipt of the transfer authority on 30 March 2021 and, on 8 April 2021, Novia confirmed its acceptance of the assets – but said that any asset not listed couldn't be held on its platform.

Although Novia identified one particular asset (A) which needed to be “converted” for it to be able to accept it, it mistakenly didn't include a further asset (B) in the list it was willing to accept.

The ceding scheme confirmed at the beginning of May 2021 that the conversion of asset (A) was complete, and Novia confirmed that it would then accept the SIPP transfer. But due to the previous error with asset (B), Novia said that this also needed to be sold before the transfer could be accepted. This then happened on 6 July 2021.

In the meantime, some of the assets were transferred over in June 2021 and the cash balance was received on 22 July 2021

Novia received the tax free cash request on 23 July 2021, but it contacted Mr T's financial adviser on 27 July 2021 saying that it needed a new bank details form to be completed. This was received on 29 July 2021, following which Novia verified the bank account and registered it to Mr T's account on 2 August 2021. Having received confirmation from the ceding scheme that the transfer was complete, Novia then paid Mr T's tax free cash on 10 August 2021.

Mr T complained to Novia in November 2021, and Novia responded in December 2021, saying the following in summary:

- Although both Mr T and his adviser had said that the problem with the incorrectly categorised asset (B) had delayed the payment of his tax free cash, this wasn't the case. Action to correct the unnecessary sale of that asset hadn't begun until after the tax free cash had been paid.
- After it had identified the error with that particular asset, it took steps to place Mr T's pension funds in the position they would have been in, had the mistake not occurred. But it conceded that this had taken longer than it should.

- In compensating Mr T, it refunded £4,906 to his SIPP, which represented the financial loss incurred through the unnecessary repurchase of the asset.
- It apologised for the failure to explain why it had requested that additional cash first be paid into the SIPP's "Stocktrade" account, after which Novia would then repay the compensation amount to the SIPP. This had understandably created the impression that Novia was expecting the matter to be corrected with Mr T's own money. But this wasn't the case – it had needed this to happen to avoid Novia appearing to make an actual pension contribution to Mr T's account.
- It sincerely apologised for the error with the unnecessary sale of asset (B) and said that it had taken steps internally to prevent it happening again. It also said it was sorry to hear of the distress caused to Mr T and the impact that it had had on his physical and mental health.
- But whilst it accepted responsibility for the error in the sale of asset (B), it thought that the majority of the delays incurred between 17 February and 6 August 2021 were outside of its control.
- It noted that Mr T had requested £45,000 to compensate him for the matter, but taking account of the type of awards made by this service and that it had taken steps to correct the financial loss, it offered a sum of £500.

Dissatisfied with the response, however, Mr T referred the matter to this service. One of our investigators assessed the complaint, but didn't think that it should be upheld. He said the following in summary:

- It wasn't disputed that Novia had made mistakes in the processing of Mr T's transfer request. But it had provided details relating to how it had calculated the loss to Mr T and the investigator considered that the offer was in line with what he would have recommended. Novia had returned Mr T to the position he would otherwise have been in, had the error not occurred.
- As to the additional offer in respect of the distress and inconvenience caused to Mr T, the investigator said that this service couldn't make punitive awards, but instead considered the individual impact on a consumer, along with the time taken to resolve matters.
- Taking the circumstances and likely impact on Mr T into account, the investigator thought that the offer of £500 was in line with what this service would consider to be fair and reasonable.

Mr T disagreed, however, saying the following:

- He took on board the investigator's comments relating to the financial loss, but this resulted from errors which had to be pointed out and disputed by him and his financial adviser, as Novia initially denied them.
- He was constantly worried, given the error in question, that Novia would make other errors in relation to the transfer. And given the turmoil in stock markets at the time, this could have led to a loss significantly higher than that caused here – and with yet more time wasted in trying to rectify it.
- The initial denial of any mistake by Novia made the daily worry incredibly stressful for a number of months.

- Mr T didn't think that £500 provided any real life compensation or fully reflected the constant daily stress and worry caused to him, along with the inordinate amount of time the transfer took to complete, with no proper explanation.
- Mr T had to access other monies to ensure that he was able to eat, heat his home, pay bills and not default on any loans, other credit commitments, or his mortgage. This also took time to sort, and was incredibly stressful for him and his family. No financial award could ever put right the effect that the matter had had on his mental distress.
- Had Novia acted properly and correctly administered the transfer, along with admitting mistakes when challenged, it would have been processed sooner.

As agreement couldn't be reached on the matter, it was referred to me for review.

I issued a provisional decision on the complaint on 12 December 2022, in which I set out my view on what Novia should do to resolve the matter. The below is an extract from that decision:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*I've firstly considered the matter of the error which Novia accepted that it made. And as with the investigator, I'm satisfied that it's taken reasonable steps to ensure that there is no financial loss to Mr T as a result of that error.*

*However, Mr T's complaint goes beyond the error with asset (B). Mr T considers that it contributed to the delay in paying him the tax free cash. Having reviewed what Novia has said about the timeline here, it does seem to the case that the tax free cash was paid before the rectification of that particular matter. And so it seems unlikely that the rectification of the error with asset (B) did in fact cause a delay in payment of the tax free cash.*

*The error would of course have caused Mr T concern, and I can see that he feels strongly about the effect that this had on both his and his family's mental and physical health. But this does appear to relate more to the delay in accessing the tax free cash, rather than remedying the error with that asset. I've noted what Mr T has said about the concern this caused him about other potential errors which Novia might have made and might have had a greater financial impact, but it seems that these were unfounded – in the sense that it only made an error with that one particular asset.*

*And so I don't think I can fairly or reasonably make any additional award in respect of concerns about issues which didn't actually transpire.*

*But turning then to the matter of the time it took to pay Mr T the tax free cash, and removing the rectification of the error with asset (B) as a contributory factor, I've thought about whether other delays were incurred by Novia which might have delayed the payment of Mr T's tax free cash.*

*Novia doesn't consider that it's responsible for the majority of the delays between 17 February and 6 August 2021. And looking at the timeline of events, I'm inclined to agree that there don't seem to have been any untoward delays before 12 May 2021. But there is, however, the delay between 12 May and 26 May 2021 which could have been avoided had the error not been made with the sale of asset (B) – and this is separate from the later rectification of that error.*

*This is because, as acknowledged by Novia, the ceding scheme would have begun the transfer of the in specie assets soon after the confirmation on 12 May 2021 that Novia would accept asset (A) following its conversion. As it was, due to the clarification which was needed by the ceding scheme relating to the error with asset (B), this didn't begin until early June 2021*

*And as Novia couldn't process the tax free cash payment until all the in specie transfers had been received, that payment was effectively delayed by 14 days.*

#### *Putting things right*

*My understanding is that the tax free cash was paid from the cash balance in the SIPP. But if the tax free cash derived in any part from the sale of assets/units in funds, Novia should determine how many units would have needed to be sold 14 days before they were. And if this would have required a lower number of units to be sold, then Novia should reconstruct Mr T's SIPP so that it reflects the number of units that Mr T would otherwise have held.*

*Novia should then calculate 8% pa simple interest on the same tax free cash amount which should have been paid 14 days earlier than it was, for that 14 day delay period. To that amount should then be added 8% pa simple interest from the end of that 14 day period (so when the sum was actually paid) to the date of settlement.*

*Mr T has said that he needed to draw upon other assets to meet his living costs due to the delays in receiving his tax free cash. If the growth which Mr T would have received on those otherwise unsold/unencashed assets would have exceeded 8% pa simple interest for those 14 days, I would also be grateful if Mr T would confirm, in response to this decision, what assets needed to be sold in that specific 14 day period, providing evidence through bank or investment statements which show the encashed amounts and the interest/growth which would otherwise have been applicable.*

*If this is demonstrated to be higher than 8% pa simple interest, then this is the amount which Novia would need to apply for the 14 day delay period, with 8% pa simple interest then applying thereafter up to the date of settlement.*

*As with the investigator, my view is that the £500 offered by Novia is probably about right to reflect the distress and inconvenience which was caused to Mr T by this matter. I appreciate that Mr T may disagree, and I fully acknowledge what he has said about the distress this has caused him, but as he said in his response to the investigator's assessment, no financial payment could make up for what he experienced.*

*In deciding what's fair and reasonable in the circumstances of this complaint, it's right that I take account of the types of award which this service would typically award in such circumstances, and also taking into account the steps which Novia has taken to resolve the financial loss relating to the unnecessary encashment of asset (B).*

*And having done so, I'm currently satisfied that £500 is an appropriate amount."*

*Mr T responded to say that, whilst he didn't necessarily agree with all of the observations in the provisional decision, he accepted the proposed outcome.*

*Novia also confirmed that it had no objections to the overall assessment, and confirmed that there was enough cash in the SIPP for the tax free cash payment to be made without needing to encash any units.*

It said that it had undertaken the proposed loss assessment and had calculated that it needed to pay an additional £67.17 to Mr T – comprised of £60.67 interest at 8% simple pa on the £21,000 tax free cash payment, and then interest on that amount of £6.50. It said it was happy to offer this in addition to the £500 already offered to Mr T.

### **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.

My view on the matter remains the same, and for the reasons set out in the provisional decision.

### **Putting things right**

Novia has already undertaken the loss calculation, but in the event that Mr T accepts this final decision, it should send its calculation to Mr T for him to be satisfied that this has been done correctly, and in line with the direction contained within the provisional decision.

### **My final decision**

My final decision is that I uphold the complaint and direct Novia Financial Plc to undertake the above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 31 January 2023.

Philip Miller  
**Ombudsman**