

The complaint

Mr J complains that the value of his pension savings transferred to another provider by Standard Life Assurance Limited was lower than it should have been. He says that the time taken to complete the disinvestment process meant that Standard Life actually received a higher value for his pension savings from the disinvestment than it transferred to the new provider.

What happened

I issued a provisional decision on this complaint earlier this month. In that decision I explained why I didn't think the complaint should be upheld. Both parties have received a copy of the provisional decision but, for completeness and so those findings form part of this decision, I include some extracts from it below. In my decision I said;

Mr J held pension savings that were invested with Standard Life. In March 2022 Mr J decided to transfer his pension savings to another provider. So that provider sent a request to Standard Life for the transfer of Mr J's pension savings via the automated Origo Options system. The request was received on 16 March 2022. So Standard Life says that is the effective date that it is using for when it considers to have received the instruction to make the transfer.

Standard Life says that its normal approach is that the value applied to any transfer out will be taken as the day of receipt of the transfer instruction. So Mr J's pension savings being transferred were valued as at 16 March 2022. But the transfer itself didn't take place until 23 March 2022. Mr J says his online reporting showed that his pension savings were still invested until the day before the funds were transferred. And he says that in the period between 16 and 23 March those pension savings had increased in value by approximately £7,000.

Mr J asked Standard Life to pay the increased value of his pension savings. Standard Life didn't think that it should – it said that the transferred value had been calculated correctly as the value on the day his instruction had been received. So it didn't think it needed to pay anything further.

I think some of the basic facts about this complaint are not in dispute. Standard Life received a valid and complete instruction for the transfer of Mr J's pension savings on 16 March 2022. And it completed that request by selling Mr J's pension investments, and sent the funds to the new provider on 23 March.

Standard Life says that its normal approach is that the value of the transferred funds will be set at the date the instruction was received. It appears that Standard Life didn't disinvest Mr J's pension savings until six days later, and a higher value was received for those investments than has been paid to Mr J on the basis of the earlier unit prices.

Standard Life says that it hasn't profited from that delay. It says it is the pooled investment fund that receives any gains or losses from this approach. But ultimately,

Mr J won't have benefitted from that profit, and his is the individual complaint under consideration here.

There's a general expectation that, once the necessary documentation has been received, a transfer will occur promptly. The process used by Standard Life could, in different circumstances where a more significant period of time has elapsed between the notional disinvestment date and the actual date of disinvestment, be enabling businesses to delay making a transfer on the basis that they could then potentially profit by offering the lower payment due at the earlier date, but capitalising on a higher payment received for when investments are sold at the later date. My view is that this could result in particularly poor consumer outcomes. Mr J could, under such circumstances, have been effectively "out of the market" for a lengthy period of time, during which the business might be capitalising on fund growth, and choosing a particularly favourable point at which to disinvest.

And under such circumstances, I might be inclined to say that a business such as Standard Life should simply pay to Mr J the sum that was realised when his pension savings were disinvested at the later date. Mr J would then have profited from the delay, but not at Standard Life's expense. He'd simply be receiving the value which was actually gained from the disinvestment of his pension savings. But Standard Life, or the investment fund, wouldn't have profited from a lengthy amount of time it took to complete the transfer. To enable it to do so would create the type of moral hazard I've outlined above.

But I don't think this is the situation here. Although it took several days for Standard Life to actually disinvest and transfer Mr J's funds, I don't think this was a lengthy period of time in which Mr J was "out of the market". I also don't think there's any indication here that Standard Life would have been attempting to achieve a higher value by delaying the disinvestment. It simply took a few days for the disinvestment to occur. And had the value of the funds dropped, Standard Life would have still needed to pay the higher value.

In summary, therefore, although I appreciate Mr J's concern at receiving a lower value than may actually have been realised by the sale of his pension funds, I don't think the actual time he was disinvested was so lengthy as to suggest anything other than a short - and importantly in my view not unfairly excessive - period of "administration" in which the transfer was processed.

But I think I should also go on to consider whether Standard Life's communication about how the transfer would proceed was adequate. As a starting point, I have looked at a document produced by the Transfers and Re-registration Industry Group in 2018. The document set out an industry-wide framework for improving transfers and re-registrations. I think it would be reasonable to conclude the document is representative of what I might consider to be good industry practice.

Within the document is a section considering how consumers should be kept updated about the progress of their transfer. That section suggests that it is the responsibility of the acquiring pension scheme to manage the communication process. That seems sensible to me - it is that provider with whom the consumer will have an ongoing relationship. It is entirely possible that any transfer decision has been reached due to a breakdown in the relationship between the consumer and their existing pension provider. So here, good industry practice wouldn't suggest that Standard Life should have proactively communicated with Mr J about how his transfer would proceed.

I think there is a key difference between providing information that is incorrect, and not providing any information. Where a consumer's expectations are raised, or not managed, by the provision of incorrect information I would reasonably expect the provider of any incorrect information to take responsibility for that failing. Here I think it was open to Mr J to ask, either Standard Life or his new provider, for information about how the transfer would be arranged. I have listened to a call between Mr J and Standard Life before the transfer was requested. That might have been an ideal opportunity for him to seek any clarification he might have wanted about how the transfer would be processed. But I am satisfied that, on that call and at any other time, Standard Life didn't provide any incorrect information to Mr J about his proposed transfer.

I appreciate my provisional decision will be disappointing for Mr J. But I don't currently think Standard Life did anything wrong, either in how it completed Mr J's transfer or in the information it provided to him about its processes. So I don't currently think the complaint should be upheld.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. Standard Life says that it agrees with my provisional findings and hasn't provided me with anything further. And, whilst Mr J says that he still thinks he should receive the actual value of the sold units, he also hasn't provided any additional evidence.

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.

Given that neither party has provided me with any further evidence or new comments I see no reason to alter the conclusions I reached in my provisional decision. It follows that I don't think Standard Life did anything wrong, either in how it completed Mr J's transfer or in the information it provided to him about its processes. I don't think the complaint should be upheld.

My final decision

For the reasons given above, and in my provisional decision, 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 J to accept or reject my decision before 28 February 2023.

Paul Reilly
Ombudsman