DRN-3970092

The complaint

Mr H complains about Standard Life Assurance Limited. He says that it caused delays in transferring his Self-Invested Personal Pension (SIPP) and that this has caused him a financial loss.

What happened

In November 2019, Mr H completed a form to transfer his funds from Standard Life to a new provider 'HL' in cash.

The transfer was complex, and took longer than Mr H expected, and involved a lot of going back and forth between Standard Life, HL and Mr H.

Mr H was unhappy with Standard Life and brought a complaint to this service. He said:

- Standard Life refused to make a partial transfer in cash on 14 January 2020.
- It caused delays to the transfer of his SIPP of five months.
- Standard Life delayed his instruction to sell stock causing financial loss.

Our Investigator considered his complaint, and in summary said that while they had sympathy for Mr H as the transfer clearly took longer than he expected, that they couldn't say that Standard Life had refused to transfer cash to HL on 14 January 2020 – and that they weren't satisfied that Standard Life had done anything wrong here.

However they also said that Standard Life did take longer than was reasonable to send the asset list to HL, and while they couldn't be sure this had caused Mr H a financial loss, it would've caused him some stress and thought Standard Life should compensate Mr H for this with £150.

Mr H remained unhappy, so the complaint was passed to me to decide.

I've previously issued a provisional decision on Mr H's complaint, explaining my thoughts. Mr H accepted the provisional decision.

Standard Life responded to say that it didn't agree with the decision, or the timeline I had set out – and that it intended to respond in full before the deadline I had set. However, this deadline has now passed, and so I see no reason to depart from my provisional decision which is now my final decision as set out below.

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.

I should start by saying that Mr H has provided extensive commentary and detail to support his complaint, it is clear to me that he feels very aggrieved by the whole situation, and I can understand his frustration. I won't comment on every point that Mr H has made, but I would like to reassure Mr H that I have read all the correspondence he has sent.

The details of the complaint are well known to both parties, so I won't repeat them here – essentially, Mr H is upset about the length of time that the transfer of his SIPP from Standard Life to HL took.

I have already been in touch with Mr H and explained to him that while the process did take longer than he would've liked, I don't think that the overall time the transfer took was unreasonable given the complex nature of his request and that I mostly agreed with the outcome that our Investigator reached. However, I did think that there was an avoidable delay, and that Standard Life needed to do more to make this right.

While the majority of the time it took to complete the transfer was reasonable given the circumstances, there was a significant delay in Standard Life sending the asset list to HL, which Standard Life has provided no explanation or reason for. And I don't think that Standard Life taking five weeks to send this list is reasonable.

I consider that such an action should take no longer than two weeks – meaning that there was an avoidable delay of three weeks to the transfer. As HL acted quickly on receipt of the asset list and there was no other information outstanding, I think that this would've sped up the whole transfer process by three weeks. This means that I think Mr H would've made the request to sell to cash three weeks earlier than he did, on 20 February 2020, and that the sales would've been completed in five working days on 27 February 2020.

This also means the transfer to HL would therefore have also taken place three weeks earlier than it eventually did on 14 April 2020 – meaning the transfer would've taken place on 24 March 2020, and ultimately the funds would have been placed into his new HL SIPP three weeks earlier too. HL has said that the funds from Standard Life were added to the new HL SIPP on 16 April 2020. So, I think the funds would've been added to the SIPP and invested on 26 March 2020 had the delay not occurred.

I explained this to Mr H, and he accepted my proposal, although he questioned how this would be calculated. So, to summarise, I'm upholding the complaint and I've set out how Standard Life should compensate Mr H for the delay below.

I also think that Standard Life should pay Mr H £150 for the distress and inconvenience this delay caused him.

Fair compensation

My aim is that Mr H should be put as closely as possible into the position he would probably now be in if the delay not taken place.

At present, it isn't clear whether this delay has caused Mr H a financial loss. However, Standard Life should now take steps to calculate if any loss has been caused – based on selling all of Mr H's assets to cash (excluding the fund that was transferred in-specie) on 27 February 2020, and the funds being invested with HL on 26 March 2020.

If Standard Life determines there has been a loss, it should compensate Mr H as per the steps below.

I'm satisfied that what I've set out below is fair and reasonable given Mr H's circumstances and objectives when he invested.

What must Standard Life do?

To compensate Mr H fairly, Standard Life must:

- Compare the performance of Mr H's investment with that of the benchmark shown below. If the *actual value* is greater than the *fair value*, no compensation is payable.

  If the *fair value* is greater than the *actual value,* there is a loss and compensation is payable.

- Standard Life should also add any interest set out below to the compensation payable.

- If there is a loss, Standard Life should pay into Mr H's pension plan to increase its value by the amount of the compensation and any interest. The amount paid should allow for the effect of charges and any available tax relief. Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.

- If Standard Life is unable to pay the compensation into Mr H's pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore, the compensation should be reduced to *notionally* allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount – it isn't a payment of tax to HMRC, so Mr H won't be able to reclaim any of the reduction after compensation is paid.

- The *notional* allowance should be calculated using Mr H's actual or expected marginal rate of tax at his selected retirement age.

- It's reasonable to assume that Mr H is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr H would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.

- If either Standard Life or Mr H dispute that this is a reasonable assumption, they must let us know as soon as possible so that the assumption can be clarified, and Mr H receives appropriate compensation. It won't be possible for us to amend this assumption once any final decision has been issued on the complaint.

- Pay Mr H £150 for distress and inconvenience caused by the whole process.

Income tax may be payable on any interest paid. If Standard Life deducts income tax from the interest, it should tell Mr H how much has been taken off. Standard Life should give Mr H a tax deduction certificate in respect of interest if Mr H asks for one, so he can reclaim the tax on interest from HM Revenue & Customs if appropriate.

Portfolio name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
Value of HL SIPP had assets been sold to cash on 27 February 2020	Still exists and liquid	Investment growth in line with the growth experienced in HL SIPP	26 March 2020	Date of my final decision	8% simple per year from final decision to settlement (if not settled within 28 days

		(assuming investment in the same funds)			of the business receiving the complainant's acceptance)

Actual value

This means the actual amount payable from the investment at the end date.

Fair value

This is what the investment would have been worth at the end date had it produced a return using the benchmark.

Any additional sum that Mr H paid into the investment should be added to the *fair value* calculation at the point it was actually paid in.

Any withdrawal from the portfolio should be deducted from the fair value calculation at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there is a large number of regular payments, to keep calculations simpler, I'll accept if Standard Life totals all those payments and deducts that figure at the end to determine the fair value instead of deducting periodically.

Why is this remedy suitable?

I've chosen this method of compensation because:

- Mr H wanted Capital growth and was willing to accept some investment risk.
- I think Mr H would've invested his funds in the same way with HL had his assets been sold to cash earlier and invested with HL sooner.

My final decision

I uphold this complaint. Standard Life Assurance Limited should now pay Mr H £150 and make the necessary calculations and pay the amount as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 16 March 2023.

Claire Pugh
Ombudsman