

The complaint

Mr K complains that Options UK Personal Pensions LLP (Options), caused delays when transferring his self-invested personal pensions (SIPP).

What happened

Mr K said that in October 2020 he completed an application form for a SIPP with Options. It received it on 26 October 2020. He said he wanted to transfer two other pensions into his Options SIPP but there were delays that had caused him financial loss and stress. He said he wanted to transfer into the Options SIPP (who would be the administrator) as it also gave access to a broker platform so that he could manage the SIPP investments himself. He held around £417,000 in a SIPP that was invested in GB pounds and US Dollars. He also had a personal pension bond with another provider worth around £119,000 which was invested in cash in GB pounds.

He wanted the transfer to be in specie and had received advance confirmation from Options that he would be able to transfer the US Dollars in specie and avoid unnecessary foreign exchange costs. He said he had lost out by £3,789 in profits due to the delay between 14 December 2020 and 13 January 2021 in the cash transfer. He had also lost £904 due to the delay between 14 December 2020 and 13 January 2021 on the second SIPP transfer. It emerged that Options did not have a US Dollar bank account so were not able to accept an in-specie transfer of the US Dollars (not subject to complaint).

Options accepted there had been some delays but said Mr K was better off and that the delays were not mainly caused by it as Mr K was waiting for information or action from third parties outside its control. It apologised for its failing and offered a refund of the annual administration fee of £360 and credited this back to him.

Options later told the investigator that it accepted it had made some processing delays as it did not send on information to third parties in a timely manner. Options said it had a standard service level agreement of 3 to 5 working days for each request and instruction. However Covid-19 lockdown meant most staff were working from home which did slow things down.

In particular:-

1. On 2 December 2020 the cash SIPP provider requested payment details on headed paper. This was provided on 14 December 202 – 9 working days. It usually aimed to reply in 5 so took 4 working days longer.
2. On 6 January 2021 it received the completed transfer forms for the second provider SIPP. It aimed to deal with this in 5 to 10 working days but didn't send them for processing until 29 January 2021 which was 17 working days so 7 working days longer.
3. It also said that it received funds on 17 December 2020 and Mr K gave instructions to transfer these to his investment account on 11 January 2021 but this was not done until 21 January 2021. It should have done the transfer by 14 January 2021 (5

working days delay). They calculated a profit of around £500 due to this delay.

My provisional decision

I issued a provisional decision in this case. I said the following.

Timeline of events

For ease of reference I set out a timeline of events which I had created from the papers submitted by both parties. I invited both parties to comment on any errors in the timeline. As both parties have had the chance to comment I no longer need to include the timeline in my decision.

For ease of reference and because I couldn't name other providers in this decision (which will be published) I referred to the two SIPP's Mr K wished to transfer as:-

1. The cash SIPP (this had two parts (a) around £261,000.00 in GB pounds was sent to his SIPP account and (b) around 207,000 in US Dollars) (the GB pound equivalent was £154,209.35 and shown in some valuations in this way) was sent direct to his broker account. and
2. The second SIPP which was worth around £113,000

In order to make an award for financial loss or distress and inconvenience I first needed to decide whether Options had made a mistake. It was clear a lot happened between October 2020 and summer 2021. I considered the areas which Mr K said were still outstanding as follows.

Cash SIPP transfer.

Mr K said the transfer on 17 December 2020 was in two parts around £260,000 in GB pounds was sent to his SIPP account and around 207,000 in US Dollars sent to his broker account. He says the delay in transfer and in changing the settings on his broker account led to lost profits of £3,789 as he was unable to invest the money in the broker account. I understood he felt there wasn't a loss in relation to the circa £261,000 paid into the SIPP account

Delay in transfer of the cash SIPP

It did seem that there was a delay in transferring the cash SIPP into the Options SIPP and broker account. I said that because the timeline of events showed that Options was asked to provide confirmation of payment details on headed paper on 2 December 2020 but it didn't do this until 14 December which was a 9 working day timescale rather than the 3 to 5 it aimed at. It said this created an additional 4 working days delay. I agreed that the evidence showed there was a delay of 4 business days.

Delay in changing account settings.

I considered the change in the account setting on the broker account. This related only to the around £207,000 US dollars transferred direct to the broker account and which Mr K wished to invest through it, Mr K says this created the around £3,789 loss.

I noted that the broker was selected by Mr K, and is a separate legal entity, unrelated to Options. But Mr K said Options had an existing working relationship with the broker. He checked this to make sure it was robust with plenty of other clients before deciding to

appoint Options as the SIPP administrator.

While I would expect Options to deal with Mr K's requests for the broker in a professional manner, it was not responsible for any failings by that broker.

Mr K said he had FCA professional investor status but the broker SIPP account was set as retail as default. This needed to be changed.

Mr K also said he wanted to make other changes to the account settings and was told he needed to get Options UK to instruct them about the desired permissions. He said he told Options that on 18 December 2020. I set out below an extract from that email which was sent around midday.

There are 2 parts to the changes to the default trading permissions. Firstly, I already have a personal margin account with (the broker). I have attached a word document with a copied-and-pasted list of that account's trading permissions.

Can I suggest that list is a good starting point to replicate as far as possible? I do appreciate that the SIPP account is a cash account, while the personal account is a margin account, so there may be some margin account permissions that can't be replicated.

Secondly, I have FCA professional investor status (as filled out in detail on my SIPP application paperwork with Options, and on the (the broker) SIPP account application), and (my broker) personal margin account is set at professional investor status. Currently, this new (broker) SIPP account is set at retail status as default. I flag this as it maybe something that we change to professional in order to get the trading permissions in alignment (esp. the equity trading) - if so, that's something we may want to discuss (and I don't know if I or you change that setting)?

Mr K said it took until 13 January 2021 for Options to instruct the broker whereas this should have taken 24 to 48 hours not 15 working days. But I didn't agree. The email is not a set of instructions that can be implemented without careful prior consideration. Mr K said, 'I suggest that list is a good starting point' and also 'I flag this as it maybe something that we change to professional in order to get the trading permissions in alignment'. So it was clear that he was expecting the list would need some consideration and it may not be possible to implement without modification. There were also two requests, firstly the default trading permissions and secondly the change to professional investor status.

This was supported by the fact Options said his request first had to be approved by its compliance team and it was still with them on 29 December 2020. So I didn't think this was a straightforward matter that could be implemented in a 3 to 5 day working timescale which would apply to an administrative task, even less so within the 24 hours Mr K had suggested.

While I could understand that Mr K found this to be an easy step on his personal broker account, I thought it was reasonable for Options to first check with its internal team before acting on his request. It was the SIPP administrator and accountable for making sure the SIPP account was operated within the appropriate rules.

His request was sent on Friday 18 December and given the Christmas and New Year break; 5 working days would have been 31 December 2020. I would not have expected the technical team to have reviewed before that date, reach a view and then instructed the administration team to proceed. As a non-standard request I thought it was reasonable that it would take some time for Options technical team to review. Given the need to hand off between administration and technical teams and then back to the administration team to implement and the nature of the request I didn't think 15 working days was an unreasonable

timescale.

I concluded that there was a 4 working day delay in the transfer from the cash SIPP. But I didn't think that created a financial loss. I said that because Mr K didn't give instructions to Options for the broker account until after the money was received by Options. So even if there had not been a delay in the receipt of the money, the broker account setting would not have been resolved so that the money could have been invested immediately it was received into the broker account.

So for those reasons I didn't think Options was responsible for any loss associated with the delay in the transfer and sorting out the broker account settings which meant the money paid to the broker account wasn't invested sooner.

Delay in dealing with the second SIPP transfer

I considered the delay in the transfer from the second SIPP provider. Mr K said in October 2020 it was agreed that Options UK would contact the transferring SIPP providers. But Options had done nothing by 8 December 2020 in relation to the second SIPP provider and the transfer didn't happen until May 2021.

Options didn't use the email address supplied by ReAssure to return the paperwork to the second SIPP provider. Mr K referred to Options statement that "*We will write to your existing provider/company to initiate the transfer of your policy(ies) and request discharge forms*". He said the missed investment opportunities were from 13 January to 31 March (blame should be shared between Options and the second SIPP provider) and from 31 March 2021 to 12 May 2020. (My timeline shows receipt on 6 May but confirmation is issued on 12 May) He said these were £1,259 and £1720 respectively.

While it was clear Options did not at first request information from the second SIPP provider it was clear Mr K's SIPP account wasn't open until 9 November at the earliest, when the SIPP opening fee was sent. So I didn't think I could hold it responsible for any delay before that time.

Further I noted that even after this there was some confusion from the second SIPP provider about the papers that were required regarding the transfer as Mr K had some lifetime allowance protection and there was a need for the second provider to make manual calculations. That was not resolved until 6 January 2021. So even if I was wrong and Options had contacted the second SIPP provider sooner I didn't think it would have made a difference due to these issues. But from 6 January it seemed Mr K provided Options with all it needed to request the transfer.

Options said it has a 3 to 5 day working time frame. Following receipt of the correct forms from Mr K on 6 January I would expect it to have acted on the request by no later than 13 January 2021. But it didn't do this until 29 January and also sent the papers to an incorrect email address. Given the paperwork indicated the correct email address to use I think Options should have used it. Using the incorrect email address resulted in delays from 13 January 2021 to 5 March 2021 when the correct form of request was sent to the second SIPP provider. This was a delay of 37 working days.

I noted that after the papers were sent on 5 March it took until 6 May for the second SIPP provider to send the money to Options. But I couldn't see that there were any further questions from the second SIPP provider during that time. So I didn't think Options was responsible for the delay during that time period.

I did however think it was responsible for 37 working days of delay from 13 January to 5

March 2021 for the reasons given above. I could therefore consider an award for financial loss. The purpose of such an award was to put Mr K back as closely as possible to the position he would have been in but for the mistake.

Financial loss

In terms of assessing loss. Mr K said he wanted this to track his broker account. I proposed a number of approaches to calculate the loss and invited comment.

It was clear that any payment for loss couldn't be paid into Mr K's SIPP as this could affect his LTA protection. Any compensation must therefore be paid directly to Mr K after deducting an amount to reflect the tax he would have paid on that amount. I invited Mr K to indicate his current rate of income tax that would be applied to any loss award.

Distress and inconvenience

Given that I had concluded Options made a mistake I could consider an award for distress and inconvenience arising from that mistake (both the delay in the cash SIPP transfer (which didn't create a financial loss) and the delay in the second SIPP transfer (which did). Such an award wasn't to punish Options but to reflect the impact of the mistake on Mr K. It was clear that he was frustrated by the need to chase Options and the mistake it made in relation to the wrong email address. Further as an experienced investor it was clear he was used to things proceeding more smoothly.

We all experience a certain level of inconvenience, frustration and annoyance in day-to-day life, but I thought this went further than that. I could see that the mistake in relation to the second SIPP went on for more than a month and required Mr K to chase up and work out that Options had made an error in using the wrong email address. I thought the impact of both mistakes was considerable and more than minor inconvenience.

I noted that Options had already refunded his annual administration fee of £360.00. I thought this was fair and reasonable as for at least part of the time Mr K wasn't able to use the SIPP account as fully as he wished. I have therefore taken that into account in considering the overall award.

I noted also that Mr K would like me to direct Options to change the annual fee renewal date for the account from November 2020 as no investments were made until January 2021. I was not able to tell Options how to run its business and couldn't tell it to change the annual renewal date. But even if I could, I thought the refund of a full year more than compensated for any delay of a few months.

On balance however and taking into account the annual fee refund, I thought an overall total award of £600 would be fair and reasonable in the circumstances.

I therefore proposed that Options should pay Mr K a further £240 (in addition to the refund of £360 annual fee) to bring the total award to £600 as an award for distress and inconvenience.

I proposed to uphold the complaint in part.

I proposed to direct that Options UK Personal Pensions LLP should pay Mr K the amounts for financial loss and distress and inconvenience set out above.

Comments on my provisional decision

Mr K made extensive comments. For ease of reference I have set these out together with my responses below in the section '*what I've decided - and why*'.

Options made no further comments.

Options was supplied with copies of the additional documents that Mr K submitted in response to my provisional decision. It was also provided with the proposed redress wording which I have not used. It said it had nothing to add.

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.

For ease of reference I have set out Mr K's questions and my answers below.

Cash SIPP transfer

Mr K said he had not included any loss estimates simply because this delay was prior to the margin account starting to invest. But to be clear, his margin account was approved and opened on 3 November 2020 and ideally he wanted to start investing in both the margin account and the SIPP account side by side as soon as the transfer would be completed. The broker approved and opened the SIPP account on 2 December 2020. The Options delays meant that he waited, and then procrastinated going alone on the margin account from 3 November 2020 until he did so on 14 December 2020, and then was delayed with the SIPP account investment start until 13 January 2021.

He said it was helpful to compare and contrast the delays in transfer between the cash SIPP and the second SIPP transfer. After posting to Options the paperwork and cheque on 23 October 2020, he phoned the cash SIPP provider on 26 October 2020 to double-check on the in-specie complication, and was advised by it in that call, that Options should use their own discharge forms, which it then emailed to him. He said he forwarded these discharge forms onto Options, to aid the transfer process' efficiency. The point was that he was otherwise placing full reliance on the Options application form page 8,

"We will write to your existing provider/company to initiate the transfer of your policy(ies) and request discharge forms".

He feared that had he not forwarded the discharge forms to Options, that the cash transfer would have experienced further delays in transfer, in the manner that the second SIPP transfer suffered. As it was, Options still managed to delay the transfer process by an additional four working days in December, as I had noted.

I have considered what Mr K has said but still do not agree. It was Mr K's decision to delay investment and wait for his broker account to be opened which meant he didn't suffer a loss. I appreciate that he did not know how long this would take and clearly hoped it would be resolved much sooner.

Delay in Account Changing Settings

Mr K said he strongly disagreed with my conclusion that *"I didn't think Options was responsible for any loss associated with the delay in the transfer and sorting out the broker account settings which meant the money paid to the broker account wasn't invested sooner"*.

And disagreed that Options is not responsible for any failings by the broker". He argued that the delays in changing the account settings were entirely the failings of Options.

For this, he presented further evidence:

- the phone calls he made to Options regarding this matter where he was clearly guided by Options that it was a simple process for the default settings to be changed by the SIPP administrator.
- He found that the relevant people for this matter at Options were either unavailable or Options kept advising him to try someone else. This showed Options were not competent at dealing with this internal matter, and that the fault did not lie with the broker. He said the responsibility must be with Options to manage this internally. The fact they were unable to address his request on a timely basis, and with apparent internal controls was in breach of several FCA principles.
- He referred to an email chain from the 7 January 2021. This showed Options felt this trading permission change process should be straight forward.
- When he changed the settings on his own margin account, the broker reviewed and completed the changes within 24 hours in November 2020.

I should perhaps have been clearer in my statement about responsibility for the actions of the broker. The broker is a separate legal entity and therefore Options is not responsible for any errors or failings by it. I note Mr K's further evidence. I should say I have not listened to the phone calls that Mr K listed but accept that Options may have indicated that the process of changing the settings was simple. However just because the process was simple did not mean that the decision was straightforward. Given the tax wrapper status of a SIPP and the responsibilities of the SIPP administrator in that regard I think it was fair and reasonable that it took time to consider this carefully.

- Mr K accepted that his 24 hours expectation for turnaround should be replaced by the 3-5 working day service agreement. But the change was to allow him to invest in the Tokyo and Hong Kong stock markets, as well as the default US, UK and major European markets – (he thought this was demonstrably not a contentious or complex request). He didn't agree the list in his email needed clarification he said instead his email was phrased this way to create a diplomatic tone rather than invite discussion or suggest it needed any.

I don't agree for the reasons set out in my provisional decision and as above.

- Regarding the matter of the Professional Status change, this is also something that should have been a routine administrative process, within 3-5 working days. The broker default setting is as "retail status" (or equivalent words); Options already knew that he had professional status, it would have been noted on his file.

I have noted what Mr K says and accept Options would have been clear about his status but this does not affect my conclusions.

- He strongly disagreed that was a non-standard request. Options offered clients a "Simple SIPP" where one can manage one's savings on the broker platform, upon which one starts with default settings (so that one can only invest in US, Europe and UK, and not into major stock markets of Hong Kong & Tokyo). To conclude that the alterations were "non-standard" is the equivalent of defining a beach hotel guest's request to move rooms from town-facing to sea-facing as "non-standard". It is standard practice to expect a new

client to ask for adjustments to default settings.

I think perhaps it was unhelpful to refer to the request as non-standard. But this has not changed my view for the reasons given previously and as set out above.

- Mr K said I referred to a delay from Friday 18 January. This was a typo as the request was sent on Friday 18 December. He also thought the 5th working day after Friday 18 December 2020 was 30 December 2020, not 31 December 2020.

I agree there was a typo and that the fifth working day would be 30 December 2020 which would have meant actions could have started on 31 December 2020 but it does not make a material difference to my overall conclusions.

- He didn't think that 15 working days was a reasonable timescale for the reasons he had given so disagreed with my view on this point.

I note what he says but would refer to my answers above.

- I concluded there was no financial loss as Mr K didn't give instructions to Options for the broker account until after the money was received by Options. So even if there had not been a delay in the receipt of the money, the broker account setting would not have been resolved. Mr K said he had not anticipated that there would be a 15 working day delay to implement the broker account settings, he had expected (at that point in time) that implementation would be within 24 hours based on his own experience with his personal margin account. Had he known that there would be a 15 working day delay, he would have issued the instructions on 2 December 2020 (when the online account became open and operational, albeit empty with no money in the account).

I understand his frustration but that was a decision he made at the time and that is the basis upon which I must assess the loss and have concluded that there wasn't one.

Delay in dealing with the second SIPP transfer

In my section headed 'delay in dealing with the second SIPP transfer' he asked why my conclusions ignored the commitment statement where Options said it would be contacting the transferring scheme, absolves them of responsibility prior to 6 January 2021 and places the burden on him.

I would refer Mr K back to the reasons set out in my provisional decision which explains my reasoning and which I have not therefore repeated here.

Mr K said he wasn't clear why I considered the Options induced delay of 37 days to relate to the time up to 5 March 2021 rather than 6 May 2021.

I refer to what I said in my provisional decision which explains this. I said the following

I noted that after the papers are sent on 5 March it took until 6 May for the second SIPP provider to send the money to Options. But I cannot see that there were any further questions from the second SIPP provider during that time. So I don't think Options was responsible for the delay during that time period.

I do however think it was responsible for 37 working days of delay from 13 January to 5 March 2021 for the reasons given above.

General comments

- He referred to the red herring argument and asked if this could be a breach of some of the FCA principles.

Mr K said that an issue was a red herring as it did not cause him loss so he didn't wish to explore it further. For that reason I have not commented further as I do not need to do so.

- He said he had made a separate complaint to this service regarding the existing scheme's actions relating to the second SIPP transfer. He was replying to my Provisional Decision without having seen any Provisional Decision on the other case and how the blame is apportioned between the two financial businesses.

I note what Mr K says and the two complaints have now been considered simultaneously.

Mr K referred to my timelines and said the following

- *I said on 29 January 2021 that Options emails the completed transfer paperwork back to the second SIPP provider but used an incorrect email address. The correct email address stated on the transfer papers for the second SIPP provider was not used. This was confirmed by Options. It aimed to deal with this in 5 to 10 working days from 6 January but didn't send them for processing until 29 January 2021 which was 17 working days so 7 working days longer.*

However Mr K pointed out that I had said Options' standard service level agreement was referenced as 3 to 5 working days. Therefore he suggested that this processing delay to 29 January 2021 was 12 working days delay, not 7 working days.

I agree that is correct based on 5 working days rather than 10. However it does not make a difference to the calculation of the 37 day delay as this was based on the failure to transfer on 13 January so is already reflected in the 37 days.

- In the timeline for 9 November 2020. I wrote "Mr K sent a cheque to Options....". Mr K said this is incorrect as he included the cheque on 23 October 2020 in the envelope with the initial application paperwork. Options cashed the cheque on 9 Nov 20.

I have noted this but it does not change my view.

- I wrote "December 2020 Mr K received transfer papers from the second SIPP providers...." This should have read 9 December 2020.

I have noted this but it does not change my view.

- 6 January 2021. I wrote "Options said Mr K chased the request to make changes to the trading permissions and chased a password for his account". This timeline comment regarding the trading permissions of 6 January 2021 is not complete. There were several chases prior to this. His phone records show the following phone calls, all of which he was confident relate to the trading permission settings.

I have noted this but it does not change my view for the reasons already given.

- He said he had shown he was patient and professional in dealing with asset management administration. The fact that he was chasing up so many times between 18

December 2020 and 6 January 2021 (and subsequent to 6 January also) is because the Options team members I spoke to clearly guided me that the change of account settings was a straightforward process, and not a non- standard request that would take considerable time to implement (which is the Provision Decision's view).

I have noted this but for the reasons already given it does not change my view.

- On 11 January 2021 events. He said he emailed Options at 15:02 on 11 January 2021 saying *"Currently my Simple Sipp has c. £261,000 sitting in the Options Pension bank account. Please transfer all of this money into the Simple Sipp X Brokers Cash Account (I do not have a password currently to be able to view the balance online to confirm the exact amount, due to the current IT upgrades underway since December)"*. The exact figure in the account on this date was £261,767.30. However, Options did not execute this instruction ("all of this money") correctly. The transfer executed on 21 January 2021 was only for £261,047.30, leaving £720.00 behind in the account against wishes.

I have noted and considered this but it has not changed my view.

- 8 June 2021. I wrote *"Options offers a refund of his annual administration fee of £360"*. The events are not like this. He did receive by email on 8 June 2021 the letter from the Complaints Handler, who said *"As part of the resolution to your complaint, we would like to offer you a refund of your annual administration fee which equates to a total of £360.00, this was charged on 21st May 2021 which we would refund back to your SIPP account. We hope this is acceptable in bringing this to an amicable resolution for you."* The point here is that (a) Options unilaterally rebated into his SIPP account the £360 figure on 21 May 2021, (b) then informed him of this on 8 June 2021, (c) said on 8 June 2021 that they were offering this to me, and (d) He did not want to accept this £360 refund as a settlement at that time (in case it was taken as full and final settlement), it was rebated without my approval.

I note what Mr K says above and can understand that he would not wish to accept it in full settlement. But the fact remains the money was rebated and I do not need to consider this issue further.

- I wrote, *"I understand he says that there wasn't a loss in relation to the circa £261,000 paid into the SIPP account"*. This is the red herring raised by Options. He simply asked for the £261k to be transferred from the SIPP bank account to the broker SIPP account itself, where it then sat as cash. i.e. cash from one account into another account, and no cause for a direct-to-Options complaint or an Ombudsman complaint at all from me.

I have noted and considered this but it has not changed my view for the reasons already given.

- I wrote *"I think an overall total of £600 would be fair and reasonable in the circumstances"*. Mr K said the total £600 distress and inconvenience figure was based on my views in the Provisional Decision document; given the evidence and arguments in his reply, that basically that my view was too lenient towards Options and underestimates the losses involved and mismanagement by Options, was the figure of £600 still appropriate or too low now? He referenced comments earlier regarding the bad faith evidence in the Options red herring argument.

I note what Mr K says but the decision is based on the impact on him not on whether I believe Options acted in bad faith and is not intended to punish them. I have considered his comments but I have not changed my mind in this regard as the comment do not, in my view, change the overall impact on him.

Method of calculating financial loss

In my provisional decision I proposed 3 options for calculating loss. I have explained below what approach I have decided to take.

Putting things right

Loss in relation to the second SIPP transfer

Another ombudsman has looked at Mr K's complaint about the other business which I will call Firm O and has concluded that it delayed the transfer of this SIPP by 77 days. My provisional decision concluded that Options caused 37 days of delay. The total delay is therefore 114 days.

In order to put Mr K back in the position he would have been in but for these delays my final decision directs a calculation is done as to the position 114 days earlier and 33% of any loss will then be payable by Options. Mr K has agreed to the use of an index to measure the loss.

Redress wording

I have set out what I consider to be reasonable compensation for the delay and how this should be proportioned between the two businesses.

Whilst I'm not looking at the actions of Firm O (or any of the other related third parties) here, some of what it did is relevant to this complaint. And I've taken into consideration Mr K's comments on what he considers to be appropriate compensation. Particularly his letter of 3 May 2023 which he sent in response to the ombudsman's provisional decision on his complaint against Firm O.

In summary, the other complaint concluded that Firm O was responsible for a delay of from 8 December 2020 to 6 January 2021. And from 19 March 2021 (five working days from when it received transfer forms) until 6 May 2021 when the transfer completed. This was 29 days for the first period and 48 days for the second period. Which is a total of 77 days. Adding the 37 days for the delay by Options delay makes a total of 114 days. This would mean Mr K's transfer could have potentially gone ahead on 12 January 2021.

But Mr K accepts that he wouldn't have been able to invest until the 13 January 2021 as he needed some permissions changes the broker account. So, I think it's reasonable to use an assumed transfer start date to assess loss of 13 January 2021. This means a total delay of 113 days. And Firm O should be responsible for 76 days delay. This is a proportion of 67%. And Options is responsible for the remaining 33% of the loss.

Mr K is broadly in agreement with this apportionment of loss.

Turning now to the compensation for investment loss. Mr K said he should be compensated for the missed investment opportunities from 13 January 2021 to 6 May 2021 when the transfer eventually went ahead.

In response to my provisional decision Mr K provided detail about several ways he thought were reasonable to do this. This included interest, a comparison with an index and a comparison with the investments that he did make around the same time. I've noted that in broad terms Mr K always intended to make similar investments with the money he was

transferring as he did with the other funds he transferred, and some of his other investments. And that he thinks this is the most reasonable way to assess loss.

I agree that Mr K would have invested and so I don't think simple interest is right. But other than this, and whilst I do understand where Mr K is coming from, I don't think it's right to depart from making a comparison with one of the indices we would usually use.

I'm sure that Mr K will think he would have invested differently from the components of the index I've specified below. And that his chosen investments may perform better than this. But there is no certainty about how Mr K would have invested, and his decision may have been different if they were made at a different time and with a different sum of money. And I must avoid compensation that advantages Mr K by using the benefit of hindsight. So I think the compensation below is appropriate.

Fair compensation

My aim is that Mr K should be put as closely as possible into the position he would probably now be in but for the mistake by Options.

It's not possible to say precisely what he would have done, but I'm satisfied that what I've set out below is fair and reasonable given Mr K's circumstances and objectives when he invested.

Options should calculate the compensation below in full and it should pay the relevant proportion to Mr K.

What Options should do

To compensate Mr K fairly, Options must:

- Compare the performance of Mr K's investments 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 and Options should pay 33% of it.
 - Options should also add any interest set out below to the compensation payable by it.
 - If there is a loss, Options should pay Mr K 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 due to existing lifetime allowance protection issues. 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 K won't be able to reclaim any of the reduction after compensation is paid.
 - The *notional* allowance should be calculated using Mr K's actual or expected marginal rate of tax at his selected retirement age.
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- It's reasonable to assume that Mr K is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr K 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%.

- Options must also pay Mr K a further £240 (in addition to the refund of £360 for his annual fee) for the distress and inconvenience caused by the administrative errors.

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

Investment Name	Status	Benchmark	From ('start date')	To ('end date')	Additional interest
Existing Firm O SIPP Investment	No Longer exists	FTSE UK Private Investors Income Total Return Index	13 January 2021	6 May 2021	8% simple pre year on any loss from the end date of settlement

Actual Value

This means the actual amount paid 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.

Why is this remedy suitable?

I've chosen this method of compensation because:

- Mr K wanted Capital growth and was willing to accept some investment risk. The FTSE UK Private Investors Income **Total Return** index (prior to 1 March 2017, the FTSE WMA Stock Market Income total return index) is made up of a range of indices with different asset classes, mainly UK equities and government bonds. It's a fair measure for someone who was prepared to take some risk to get a higher return.
- Although it is called income index, the mix and diversification provided within the index is close enough to allow me to use it as a reasonable measure of comparison given Mr K's circumstances and risk attitude.
- The additional interest is for being deprived of the use of any compensation money since the end date.

My final decision

I uphold this complaint in part.

I direct that Options UK Personal Pensions LLP must pay Mr K within 30 days of this service notifying it that Mr K has accepted my decision:-

- such amount for his financial loss (if any) as is calculated in accordance with the provisions set out in the section of my decision headed *putting things right* and in particular the section *What Options Should do* for the delay in the second SIPP transfer

2. a further £240 (in addition to the refund of £360 for his annual fee) for the distress and inconvenience caused by the administrative errors such that the total value paid for distress and inconvenience is £600

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 June 2023.

Colette Bewley
Ombudsman