

## **The complaint**

Mr W says he started an in-specie transfer of his Self-invested Personal Pension (SIPP) funds from Halifax Share Dealing Limited (HSDL) to Vanguard Asset Management Limited (Vanguard) on 9 December 2020. He's unhappy it took until September 2021 to complete. He says this caused him financial detriment as well as trouble and upset.

Mr W was unsure how each company involved in the transaction had contributed to what had happened and so he complained to all three parties, which were:

- 1 HSDL – it handled the asset transactions relating to his Halifax SIPP funds.
- 2 AJ Bell Management Limited (AJB) – the administrator of his Halifax SIPP.
- 3 Vanguard – the new scheme provider.

Given the interactions and dependencies between the parties in the chain of events to transfer Mr W's funds, this decision covers the whole journey and the relevant entities. Each firm will receive a copy of my decision, and while the background will be the same, findings, conclusions and any implications of such will be addressed specifically to each party.

## **What happened**

### ***Timeline of events***

My starting point is to establish a timeline of events for the transaction Mr W complains about. This has been constructed using information provided by him and the three firms involved. The timeline is therefore necessarily detailed and some timings may be open to debate by a day or so.

Nevertheless, from the information and evidence I've been provided, I think the following record provides a firm foundation from which to draw my findings and conclusions:

9 December 2020 – Mr W submits a request to transfer his pension funds in-specie from his Halifax SIPP to his Vanguard SIPP.

14 December 2020 - Vanguard says it discussed the transaction with Mr W and he confirmed he'd taken an uncrystallised funds pension lump sum (UFPLS) from his Halifax SIPP. He explained his intention was to transfer his funds to it and go into drawdown prior to reaching his Lifetime Allowance (LTA). Mr W says he was told by Vanguard this was the date it issued a letter to Halifax SIPP to initiate the transfer.

19 January 2021 – Mr W says AJB confirmed the transfer request form was received, but at the wrong Halifax office. It was forwarded to the correct AJB office.

22 January 2021 - AJB received the letter from Vanguard confirming Mr W had requested a full in-specie transfer and that they needed a valuation of assets.

25 January 2021 – AJB sent Mr W its transfer out discharge form by email. This had sections for him and Vanguard to complete. Mr W contacted Vanguard confirming he'd completed his section of the SIPP discharge forms and would upload this so it could complete the receiving scheme section.

26 January 2021 – Vanguard instructed Mr W to upload the form and said it would complete its section and return the forms to AJB. Further to providing AJB with his completed paperwork he aired his concern the process had already taken 6 weeks.

27 January 2021 – AJB confirms his request to transfer wasn't received until 22 January 2021. It also noted in-specie transfers can take a while to complete and that the timeframe would depend on how long it took HSDL and Vanguard's stockbrokers to arrange acceptance and transfer dates.

28 January 2021 – Vanguard requested a valuation from AJB.

8 February 2021 – Vanguard chased AJB for a valuation.

9 February 2021 – AJB respond to Vanguard noting it required signed discharge forms and explained it couldn't proceed without these.

10 February 2021 – AJB confirmed to Vanguard the need for signed discharge forms.

19 February 2021 – AJB sent another chaser to Vanguard for the completed transfer out discharge forms.

23 February 2021 – Vanguard responded with the completed paperwork and requested a valuation of assets (previously requested on 22 January 2021).

24 February 2021 – AJB sent the transfer documents to HSDL and asked it to liaise with Vanguard to arrange the transfer of assets. HSDL confirmed receipt.

25 February – AJB sent Mr W an update email confirming the action it had taken.

5 March 2021 – HSDL request password for documents from AJB. This was provided the same day.

4-10 March 2021 – AJB chased HSDL. HSDL informed it Mr W's transfer hadn't been logged and requested the discharge paperwork to be resent. AJB resent its email and paperwork from 24 February 2021

15 March 2021 – Vanguard chased AJB again for the valuation.

16 March 2021 – Mr W's transfer was logged by HSDL. It sent a letter to Mr W stating it had issued a valuation of his funds to Vanguard. AJB says the valuation was sent to it and Vanguard on the same date. Vanguard state it never received the valuation. The valuation was sent to its general transfers email, but it has a separate inbox for pension requests.

18 March 2021 – AJB respond to Vanguard's hastener of 15 March 2021 saying it had tasked HSDL with providing a valuation.

30 March 2021 – AJB chased Vanguard and HSDL for an update, it asked Vanguard to confirm whether it had issued its acceptance of valuation to HSDL as they were unable to locate a response.

6 April 2021 – Vanguard chased HSDL for a valuation again.

20 April 2021 – HSDL says it sent Vanguard a valuation. Vanguard says it can't evidence the valuation wasn't received by it, essentially accepting responsibility for this delay.

6-20 April 2021 – AJB says it was in contact with HSDL asking for confirmation it was liaising with Vanguard about the transfer of Mr W's funds. HSDL responded saying it still hadn't received Vanguard's acceptance.

26 April 2021 – Vanguard contacted AJB seeking an update on the status of the transfer. It informed Vanguard, HSDL was still awaiting its acceptance of the assets. Vanguard again seeks a valuation from HSDL.

28 April 2021 – Mr W emails AJB querying what was happening. He confirmed receiving a letter from HSDL dated 16 March 2021 saying it had valued his funds. However, he said

Vanguard had still not received the valuation. He asked AJB to resend the valuation. He was concerned about the time being taken. He required access to his funds soon.

29 April 2021 – AJB contacted HSDL asking it to resend the valuations to Vanguard.

4 May 2021 - HSDL says it re-sent the valuation to AJB and Vanguard pension team. Vanguard says it can't evidence the valuation wasn't received by it, again essentially accepting responsibility for this delay.

10 May 2021 – Mr W chases AJB again. It sends Vanguard an email asking it to prioritise its acceptance.

14 May 2021 – Vanguard responds to AJB, seeking confirmation of Mr W's details.

17 May 2021 – AJB provides Mr W's details to Vanguard.

18 May 2021 – Vanguard says it received the valuation of Mr W's SIPP assets from HSDL.

20 May 2021 – Vanguard sent their acceptance to HSDL. It acknowledges receipt.

27 May 2021 – HSDL send an email to Vanguard confirming it will send the crystallisation / drawdown information when the transfer is completed.

9 June 2021 – Vanguard chased progress with Mr W's transfer.

14 June 2021 – Mr W asked Vanguard if it had accepted the valuation. It informed him this had been done a couple of weeks previously. He then contacted AJB to get an update and make sure it was aware of Vanguard's acceptance. It said it assumed the re-registration process had now begun.

15 June 2021 - AJB contacted HSDL asking for a progress report and for confirmation of the settlement date.

21 June 2021 – Mr W's transfer was authorised by HSDL.

29 June 2021 – HSDL sent instructions to Aegon to request the transfer of funds out to Vanguard.

30 June 2021 – Vanguard requested drawdown information from HSDL.

2 July 2021 – Aegon informed HSDL its instructions had been rejected due to an incorrect account number being quoted. HSDL says it had used a different account number to the one quoted on Vanguard's acceptance.

6 July 2021 – Mr W chased AJB for an update on the re-registration of his assets. It told him it had be chasing matters with HSDL but said the response it had received had been vague.

3-16 July – Mr W and AJB exchanged emails about the status of his transfer. He raised a formal complaint. It explained that it had been chasing HSDL and that it was responsible for the asset transfer. So it forwarded his complaint to HSDL. On 16 July 2021, HSDL informed AJB it had reached a resolution of the complaint with Mr W.

21 July 2021 – HSDL told AJ Bell that its custodian had rejected the fund manager account numbers that had been provided and an email was sent to Vanguard to obtain the correct details. But the error appears to have been HSDL's.

27 July 2021 – HSDL told AJB it had sent its expectation to the custodian again and was waiting for a response. On the same date Vanguard again chased HSDL for drawdown information.

29 July 2021 – Mr W made contact with AJB and HSDL to explain he needed to access funds as he wasn't working. Having raised a complaint by this point, HSDL offered him £350 for the things it had got wrong to that point. He neither accepted nor rejected the offer – but it assumed it had resolved his case and wrote to him in those terms.

30 July 2021 – AJB responded to Mr W and confirmed it had requested updates from HSDL but hadn't received any information regarding timescales. It also said HSDL were responsible for this part of the process and ensuring that the assets were transferred in a timely manner.

30 July 2021 – HSDL re-uploaded instructions to Aegon to transfer funds, this time with correct information.

2 August 2021 – Vanguard sent another chaser to HSDL for drawdown information.

10 August 2021 – Mr W chased AJB about the re-registration status for his assets.

12 August 2021 – AJB spoke to HSDL and it confirmed it was still waiting for confirmation from the custodian the final asset had settled. AJB updated Mr W at this point.

16 August 2021 – HSDL says all Mr W's stock had been settled.

23 August 2021 – AJB contacted HSDL to query progress on the transfer of the final asset.

24 August 2021 – Vanguard received stocks but no confirmation from HSDL regarding drawdown information, so this was chased.

27 August 2021 – HSDL says all stock had been removed from its side.

30 August 2021 – HSDL emailed Mr W to let him know the transfer of his assets had been completed.

31 August 2021 – HSDL emailed AJB stating the cash element of the transfer had been returned to the SIPP, but there was no mention of the assets. AJB asked HSDL to confirm whether all assets had been settled with Vanguard.

1 September 2021 – HSDL sent Mr W a letter confirming the transfer of assets from his SIPP was complete. And that the cash in his pension had been forwarded to AJB.

4 September 2021 – Mr W chased Vanguard as the funds hadn't yet appeared in the SIPP he had with it. Vanguard confirmed receipt of the funds but had to await confirmation from HSDL before it could apply these to his account. He asked AJB and HSDL to confirm the position. AJB failed to respond, so he had to chase it again.

7 September 2021 – HSDL said the cash was sent across.

13 September 2021 – an email was sent to Mr W confirming AJB had received the cash from HSDL and it would be paid to Vanguard the same day.

14 September 2021 – AJB sent a letter to Mr W and Vanguard confirming the transfer was complete.

15 September 2021 – Vanguard confirmed it had received the cash portion of the transfer. It said it was awaiting a response from HSDL regarding drawdown.

19 September 2021 – Mr W confirmed to Vanguard he wasn't in drawdown. It later noted the information about drawdown had been provided when he initiated the transfer – it therefore delayed applying the funds and cash to the account until this position was clear.

22 September 2021 - Vanguard applied the stocks to his SIPP and completed the transfer.

### ***The basis of Mr W's complaint***

Mr W told this Service:

*"I was concerned to complete the final transfer (i.e. from the Halifax SIPP to the Vanguard SIPP) as quickly as possible and move my pension into drawdown as soon as it was finished in order to:*

*a) Gain access to cash to fund my retirement;*

*b) Avoid any potential changes to pension legislation which were being mooted and which might adversely affect my retirement planning (notably any changes to the rules around the 25% tax free lump sum that could be withdrawn when going into drawdown);*

*c) Move into drawdown as soon as possible so that I did this before investment growth pushed me over the lifetime allowance. The general consensus (which I shared) was that stock markets would recover as Brexit uncertainty eased and the world recovered economically from COVID uncertainty. In particular I expected UK related funds to increase most as they had been additionally suppressed by Brexit uncertainty."*

Mr W says he was aware in-specie transfers could typically take six to eight weeks and he reasoned it should have been possible to complete the transfer and go into drawdown by the end of the tax year which is why he started the process in December 2020.

Mr W also explained his intention had always been to keep the funds he took out of the SIPP invested in the market. In his view it made no sense to take and hold the 25% tax free lump sum as cash but it did make sense to remove the 25% from the restrictive legal/tax wrapper of a pension and move this proportion of his total fund value away from the income tax regime and into the (largely) capital gains tax regime of a General Investment Account. At the time of raising the complaint he had completed this withdrawal and reinvestment process.

Mr W couched his complaint in the following terms:

*"I am seeking compensation on two grounds:*

- The first of these is for the ongoing stress this overly long transfer process has caused me and the time that I have had to spend constantly chasing up three organizations, none of whom provided one single unprompted update on my transfer during the 209 business days that this transfer lasted. This transfer has been on my mind constantly in the past few months causing innumerable sleepless nights as I worried about the financial risks....*
- The second reason for my complaint is to seek redress for the financial loss I have suffered as a direct result of the delay in my transfer from the end of the 2020/21 tax year to its final completion on 22 September and my eventual move of funds into drawdown. As a result of this delay my funds have increased in value as global stock markets recovered after April 2021 and I have now breached the Lifetime Allowance of £1,073,100. I accept that my fund would inevitably have breached the Lifetime Allowance in the future but the delay in this transfer directly deprived me of the ability to shield the growth on the 25% tax-free portion of my fund from that lifetime allowance tax surcharge. As a result, I have incurred a one-off minimum tax charge loss of £3,316 on my fund that would otherwise have been avoided."*

### ***The Investigator's initial findings and conclusions***

The Investigator was inhibited in her first view because not all the parties had provided all the information she needed to arrive at a firm view. Nevertheless, she'd seen enough to conclude things had gone wrong with the transaction. That each firm played a role in those failings. And that the delays Mr W experienced were substantial. She said:

*"So in total there were delays of 128 days in processing Mr W's transfer (approximately 18 weeks). The transfer completed in September 2021 and if we go back 18 weeks from this date, it in all likelihood should have been completed week commencing 17 May 2021."*

*"Mr W initiated this process in mid-December 2020 – yet even taking out the delays mentioned, would've still taken 5 months to complete. So, whilst most guidance states in-specie investment transfers should take around 6 weeks to complete, ultimately there were*

*various different parties involved, having to request and wait for information for one another, so I think some delays were not unreasonable.”*

The Investigator went on to say:

*“As we know, Mr W said he wanted the transfer to be completed promptly and he was aware the Lifetime Allowance would be checked once the transfer had been completed because he wanted to go into drawdown. As such he was trying to get the transfer complete before his overall value of the fund grew too much and reached the Lifetime Allowance limit. He also made this clear to Vanguard from the outset.”*

*“At the outset Mr W said his intention was to keep the funds he took out of the SIPP invested in the market, he said he didn’t wish to hold the 25% tax free lump sum as cash but rather to remove it from the tax wrapper of a pension and move it into a General Investment Account.”*

*“Mr W’s main concern is that the delay in the transfer caused him to breach his Lifetime Allowance and he’s incurred a charge as a result of this.”*

*“In their complaint response Vanguard stated that the decision to go into drawdown could’ve been made at any point prior to the transfer completing. At this stage I’d like to know if this was something Mr W considered, and if so why he chose not to exercise this option?”*

*“It’s difficult to determine if one or all parties are responsible for Mr W breaching the Lifetime Allowance limit – or if this was simply due to the fact that Mr W’s pension fund grew in value during which time it was being transferred – of which no party is liable for. It would also be helpful to know if there is any way to tell at which particular point in time (or date) the fund reached the Lifetime Allowance limit and whether it would’ve been reasonable for the transfer to have been completed by this date or not. If any of the parties hold this information I’d be grateful if it could be provided.”*

*“Whilst I am looking to uphold the complaint in Mr W’s favour as there were clearly delays caused by all parties, I can’t safely conclude at this stage that the tax charge incurred should be refunded, without the information mentioned above.”*

### ***The final positions of each of the firms in this transaction***

#### ***HSDL***

In the file HSDL provided this Service it acknowledged some of the delays and errors in this case were its responsibility. It records some of the specific instances in the following terms:

#### ***HSDL delays/errors:***

- *Delay in logging request from 05/03 – 16/03 (8 working days)*
- *Initial valuation sent to wrong part of Vanguard (not their pensions inbox) – delay*
- *from 16/03 to 04/05 (33 working days)*
- *Delay in authorising transfer from 20/05 to 21/06 (22 working days)*
- *Delay in correct expectations sent to Aegon from 29/06 to 30/07 (24 working days)*

HSDL told this Service:

*“Taking the fact that Mr W was always able to enter drawdown and the investment performance aspects that are outside of our control, I cannot agree that HSDL are liable for the taxation element of the claim. HSDL assessed the impact its service issues had on the transfer and in recognition offered £350 on 15th July 2021 which Mr W accepted. Having reviewed the matter, I consider this offer to be fair and reasonable in the circumstances and do not consider there to be grounds for additional redress.”*

## Vanguard

In responding to the Investigator's view, Vanguard said it agreed with most of the delays attributed to it. It made a case for an adjustment to the delay to applying funds to Mr W's account because it required the funds to have been transferred in their entirety, which didn't happen until the cash had been received. On that basis it was responsible for 64 working days of delay.

Vanguard also commented on Mr W's claim for financial loss caused by the delay saying:

*"Mr W wanted to protect his Tax Free Cash (TFC) from future charges. He should've taken the 25% Lifetime Allowance (LTA) less £1 to protect the future 25% tax free element as the LTA increases from 2025/26. He instead crystallised the full value."*

*"Mr W is working on the basis that there will be no future increases, but we think this is unlikely. Overall, Mr W has had a significantly better outcome in pure cash terms and is basing his loss on a value he would never have received."*

*"Mr W's portfolio value at crystallisation was £1,041,940.58. At 1 April, his portfolio value was £983,206.09. He received £22,473 more TFC than he would've got at 1 April 2021 due to the delay. His General Account would've needed to grow at 10% to get to the TFC value he received, but at a c.25% in the April to September timeframe to get the actual value he received with growth. His investments grew by 6% over that time, so we believe he has had a better outcome overall, due to growth on the larger pension pot versus the TFC."*

*"We believe Mr W's calculations are based on a value which did not potentially exist at 1 April. He seems to be looking to claim on the value he got from the delay, even though this would not have been available had there been no delay."*

## AJB

AJB responded to the Investigator view in the following terms:

*"From a review of the decision we largely agree with the content of the conclusions reached with these being consistent with our own. We acknowledged that we were responsible for some minor delays in Mr W's transfer but maintained that in the most part Halifax and Vanguard were responsible."*

*"In your decision you identified a nine working day delay in our issuing of a completion email. Whilst I note that Vanguard have explained that this has stopped them from allocating Mr W's funds, it is a Vanguard process to await the completion email prior to allocating the funds so was outside of our control. Indeed should the funds have been received by us as a receiving scheme it would not have been a requirement for us to wait for any follow up email for us to allocate the funds to the underlying client so should not be held accountable that Vanguard's processes do not allow for this."*

## **The Investigator's final conclusions and recommendations**

After reviewing the position of all parties, the Investigator concluded her view of the case in the following terms:

*"I've considered the service Mr W received and agree with him it has been poor. The transfer took around nine to ten months to complete and it appears from all the communications I've seen that Mr W was the one chasing updates. It doesn't appear that any of the businesses pro-actively updated Mr W of their own accord, and given the delays, this is something that could've helped ease Mr W's worries."*

*“Each business has offered Mr W compensation, but it appears these were for the delays rather than the lack of service. As such I think each business should compensate Mr W £150 for the poor communication and service and lack of updates.”*

*“I’ve considered all the comments from all parties but there still isn’t sufficient evidence or information to determine that the delays led to the breach in the Lifetime Allowance.”*

AJB and Vanguard accepted the Investigator’s recommendations. HSDL challenged her award because it said the £350 redress it had already provided Mr W was sufficient recognition of the things it had got wrong.

### **Mr W’s final arguments**

Mr W didn’t agree with the Investigator’s view. In summary he said:

- Vanguard’s comments about his TFC and LTA positions were inaccurate and misleading, and had unduly influenced her findings and conclusions in this area.
- The cumulative delay he and the Investigator had arrived at were similar, so he couldn’t understand why the assessed impact on the overall timeline for the transaction had been so far apart.
- He raised a new claim for investment loss, which he says was caused by the firms poor handling, in addition to the financial detriment he claimed for tax charges arising from the firms’ mishandling of his transfer.
- He didn’t think the awards for distress and inconvenience properly recognised the anxiety and frustration caused by the firms involved.

As all the parties couldn’t agree to the Investigator’s recommendations, Mr W’s complaint was passed to me to review afresh. I issued my provisional decision last month. I’m grateful to those parties who have made further submissions, which I’ve thought about in arriving at my final decision.

### **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.

Where there’s conflicting information about the events complained about and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what’s most likely to have happened.

I’ve not provided a detailed response to all the points raised in this case. That’s deliberate; ours is an informal service for resolving disputes between financial businesses and their customers. While I’ve taken into account all submissions, I’ve concentrated my findings on what I think is relevant and at the heart of this complaint.

I’m upholding Mr W’s complaint. I’ll explain why.

### **How does the regulatory framework inform the consideration of Mr W’s case?**

The first thing I’ve considered is the extensive regulation around transactions like those performed by the firms for Mr W. The FCA Handbook contains eleven Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 1.1.2 G in the FCA Handbook). These include:

- Principle 2, which requires a firm to conduct its business with due skill, care and



diligence.

- Principle 6, which requires a firm to pay due regard to the interests of its customers.
- Principle 7, which requires a firm to pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

So, the Principles are relevant and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms. As such, I need to have regard to them in deciding Mr W's complaint.

The processing of in-specie transfers can be a complex and lengthy process. The number of parties involved, including receiving and ceding schemes, investment managers, product providers and administrators, can be a particular challenge.

I think it's useful to understand what service levels firms should be aiming for when transfers take place between providers. In this regard the sector best practice issued by the Transfers and Re-registration Industry Group (TRIG); whose membership included several trade bodies is instructive. In 2018 it published an Industry-wide framework for improving transfers and re-registrations. It noted:

*"When moving investments, assets and entitlements between institutions, people have a legitimate right to expect the industry to execute their instructions in a timely and efficient manner. Furthermore, customers' service expectations are increasing due to the relative simplicity of switching in other markets. Slow transfers can cause detriment to customers; and the actions of one party can reduce the efficiency of all parties in the chain."*

In this publication TRIG established what it considered to be reasonable timeframes for firms to adhere to for transactions like those being performed for Mr W. While it noted the importance of using electronic means, it also acknowledged that certain elements of certain transactions would continue to require manual processes. And that often there were more than two firms involved. These matters inevitably built more friction into the process.

At paragraphs 30-32 the best practice guide said:

*"The TRIG believes that organisations should adopt a maximum standard of two full business days for completing each of their own steps in all transfer and re-registration processes within the scope of this Framework, with the exception of pension cash transfers..."*

*"This approach would enable each counterparty in a process to be equally accountable for ensuring that an efficient transfer and reregistration process is in place. Similarly, organisations will not be accountable for the underperformance of counterparties that are outside of their control."*

*"This window would comprise two full business days, with a 'business day' defined as a day when the London Stock Exchange is open. Each firm would process its step by 2359 of the second business day following the day of receipt. This means that, in practice, some firms might have more than 48 hours to process their step, e.g. if they received an instruction at 0900 on day one, and did not complete their step until 2300 on day 3."*

It is also important to note that TRIG understood the need for some flexibility. At paragraph 34 of its publication it said:

*"There will be some circumstances where it is not possible to complete a step in this timescale. No exemptions from the standard apply as tasks should still be undertaken as quickly as possible but for specified reasons, counterparties could be allowed to 'stop the*

*clock' on a particular step. Where this 'stop the clock' legitimately occurs, this should not be cited as a reason for causing unnecessary delays or maintaining inefficient practices.*

*Circumstances where this practice might be appropriate will be very limited and we expect their use to be measured and monitored."*

My next step would usually be to review the terms and conditions of Mr W's SIPP providers, specifically with regard to how they would handle client instructions and timeframes. Neither AJB nor Vanguard has provided such.

In its online user guide for in-specie transfers, AJB notes the importance of managing client expectations. It says on average transfers may take between three and six months. More generic literature for Vanguard notes that depending on the existing provider and the type of pension, a transfer between providers usually takes between 1-10 weeks.

When bringing his complaint to this Service Mr W said that in its letter to him of 16 March 2021, HSDL had said it expected transfers to take approximately 2 to 3 weeks for UK securities and potentially 6-8 weeks for non-UK stocks. I suspect this timeframe related to only that part of the process it was responsible for.

I note Mr W appears to have been invested in reasonably standard funds that Vanguard accepted, and so he should've avoided some complications for example where property is involved or a hybrid situation with in-specie and cash transfers occurring.

Many SIPP providers publish information about how long transfers from another firm can take. These are often caveated for reasons I understand. But the average range appears to be around 6-12 weeks. I think this, together with the TRIG publication provides a useful guide for my consideration of what happened to Mr W.

More telling than what industry standards suggest should've happened have been the submissions from the firms themselves about what actually happened.

I've not undertaken a detailed audit of what did and what should've happened. It seems to me there's a case that the number of working days of delay caused by HSDL and Vanguard may be a little higher than their respective estimates. But this may be offset by overlap between the firms over certain periods. And Mr W and AJB have acknowledged their own actions haven't been perfect.

What's clear is that HSDL and Vanguard were the main culprits for the poor service Mr W received. Together they have acknowledged delays and errors for which they are accountable which total 151 working days. That is about 30 weeks. The transfer of Mr W's SIPP funds from HSDL to his Vanguard SIPP was concluded on 22 September 2021.

In broad terms, given the available evidence, I think it's reasonable to assume that had HSDL and Vanguard delivered an effective and efficient service to Mr W, the transfer would've been completed by Friday 5 March 2021. That's about 12 weeks after he sent his transfer request, and given the nature of his holdings it seems to me this should've been an entirely realistic prospect.

I've considered HSDL's argument about Mr W being able to enter drawdown at any time, presumably it means from when he reached 55. But I don't find its observation of particular relevance to the complaint brought.

While Mr W could've entered drawdown before taking the decision to transfer provider, the fact is he'd decided to transfer and once that process was underway it would've complicated

matters, which as we've seen were already challenging for it and Vanguard to give effect to, even further.

I've considered Vanguard's argument that Mr W should've taken all but £1 of his TFC allowance, presumably to have left open some entitlement in the event of increased LTA allowances in the future. I think this point was mis-conceived. And I don't find it a telling matter in this complaint.

Vanguard may have a point when it says Mr W's received more TFC than he would've had his pension transferred earlier. But it seems he was already close to his LTA limit around March 2021. So, any additional TFC entitlement is likely to have been small. And in any event, this is one of the matters to be considered in the overall redress calculations.

I agree with Mr W when he observes that any implications of what has happened to him and his pension pot concerning his potential loss or gain in relation to his next benefit crystallisation event is too remote to consider in a meaningful way.

### **Putting things right**

I'm upholding Mr W's complaint, so he needs to be returned to the position he'd have been in now, or as close to that as reasonably possible, had it not been for the failings of the firms involved.

Redress isn't always a scientific matter. I have noted both Mr W's and Vanguard's comments on redress methodology. I remain of the view the framework I've set out below is fair and reasonable.

#### *Financial loss calculation required*

I hold Halifax Share Dealing Limited and Vanguard Asset Management Limited equally responsible for the delays in this case. I require both firms to co-ordinate in carrying out a financial loss calculation – each will be responsible for paying 50% of any loss identified to Mr W. I suggest Vanguard takes the lead in liaising with HSDL.

It's worth reflecting on Mr W's objectives around the time he initiated the transfer, these haven't been disputed by the firms. Mr W told this Service:

*"I was concerned to complete the final transfer...as quickly as possible and move my pension into drawdown as soon as it was finished in order to:*

- a) Gain access to cash to fund my retirement;*
- b) Avoid any potential changes to pension legislation which were being mooted...notably any changes to the rules around the 25% tax free lump sum that could be withdrawn when going into drawdown;*
- c) Move into drawdown as soon as possible so that I did this before investment growth pushed me over the lifetime allowance..."*

In a prior submission Mr W said:

*"I never had any intention to hold my "tax free cash" in the investment mix in my GIA."*

*"I have always been clear and this would have been recorded in my telephone call with Vanguard advisors in December 2020 that I was intending to invest in exactly the same fund outside my pension fund as inside it. Ultimately I was moving to have all my investments in a Global Tracker. I have now almost completed this."*

*“The only reason the GIA ever had other funds in it was because they were legacy funds transferred from Fidelity and I could only convert them into Global Tracker holdings gradually without triggering a capital gains tax charge. The point here is very simple. If I had had access to my pension funds earlier they would have ended up in exactly the same place as they finally did in October, i.e, in a global tracker. I reinvested all the of “tax free cash” amount I took at drawdown back into the Global tracker as shown above. All of my comments regarding my GIA and pension investments are borne out by the record of these holdings over time as recorded by Vanguard in its own systems.”*

I require Halifax Share Dealing Limited and Vanguard Asset Management Limited to assess what Mr W's notional position would be now had they provided a more effective service. In doing so they should assume the following:

- Mr W's in-specie transfer between SIPP's completed on 5 March 2021.
- He'd have gone into drawdown and taken the maximum TFC available to him as soon as possible after completion, assuming the normal processes that would've applied thereafter.
- His TFC would've been invested immediately into the same funds as his residual pension, in the same proportions and thereafter would've followed the same decision-making pattern until the point of calculation.

HSDL and Vanguard will need to take into account the relevant tax, allowance and protection provisions that would've applied in these circumstances at the relevant time.

The result of these calculations provides an assessment of the position Mr W would more likely than not have been in had the transfer of his funds between SIPP providers, and then access to his TFC, happened as he might reasonably have expected when he embarked on the transaction. This is value A.

Halifax Share Dealing Limited and Vanguard Asset Management Limited should then assess Mr W's position as it stands, for the relevant funds within the scope of this dispute, so making adjustments for any additional contributions or withdrawal of monies that he's made, so as to arrive at a like for like comparison.

HSDL and Vanguard will need to assess the relevant tax, allowance and protection consequences that Mr W has been subject to.

The result of this calculation should capture Mr W's actual position now. This is value B.

Mr W will need to provide Halifax Share Dealing Limited and Vanguard Asset Management Limited with any evidence it's reasonable for them to ask for to derive fair compensation. For example, evidence showing what additional LTA liability he's incurred.

If value A is greater than value B, Mr W has suffered a financial loss. Halifax Share Dealing Limited and Vanguard Asset Management Limited will be required to contribute 50% each to this figure. Assuming he has provided any evidence the firms might reasonably require to make the calculations, I'll require HSDL and Vanguard to pay the sum within 28 days of being notified that Mr W has accepted my final decision After this each party will be subject to paying 8% simple annual interest on their outstanding sum.

If value B is greater than value A, Mr W hasn't suffered a financial loss and the firms will just need to give effect to my provisions for distress and inconvenience (as set out below).

Halifax Share Dealing Limited and Vanguard Asset Management Limited should provide Mr W with a breakdown of the redress calculations in a clear and simple format.

### *Distress and inconvenience*

When I'm considering a complaint like Mr W's I think about whether it's fair to award compensation for distress and inconvenience. This isn't intended to fine or punish a business – which is the job of the regulator. But when something's gone wrong, recognition of the emotional and practical impact can make a real difference.

We're all inconvenienced at times in our day-to-day lives – and in our dealings with other people, businesses and organisations. When thinking about compensation, I need to decide that the impact of a firm's actions was greater than just a minor inconvenience or upset. It's clear to me that this was the case here.

Mr W had to access money from investments to fund his living expenditure after his contingency funds ran out four months into the new financial year. The length delay in the transfer of his pension arrangements led to 10 months of uncertainty and worry. He received poor service and communications throughout his journey from all three firms, but in particular from HSDL and Vanguard. He had to do much of the chasing and corralling of the firms.

### AJ Bell Management Limited

AJB accepted the Investigator's recommendation that in addition to the £50 it had already offered Mr W for its role in what happened to him in 2021, it should also pay him a further £150 in recognition of the level of service it provided. I see no strong reason to disturb this outcome.

### Halifax Share Dealing Limited

HSDL didn't accept the Investigator's recommendation that it should pay Mr W a further £150 for the trouble and upset it had caused. It considered the payment of £350 that it had offered was sufficient. I've thought about the extended period of delays it was responsible for and the multiple failings it has accepted.

On balance, I think the offer HSDL made to Mr W was broadly in line with what I would expect in the circumstances, considering what other parties were also paying to him for their respective roles in what happened to him. It should now make that payment if Mr W has yet to receive the money.

### Vanguard Asset Management Limited

Vanguard accepted the Investigator's recommendation that in addition to the £150 it had already offered Mr W for its role in what happened to him in 2021, it should also pay him a further £150 in recognition of the level of service it provided. I see no strong reason to disturb this outcome.

### **My final decision**

For the reasons I've set out, I'm upholding Mr W's complaint. It follows I require Halifax Share Dealing Limited, Vanguard Asset Management Limited and AJ Bell Management Limited to put matters right in the way I've directed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 May 2023.

Kevin Williamson  
**Ombudsman**