

The complaint

Mr H complains The Royal London Mutual Insurance Society Limited (Royal London) caused delays when transferring his personal pension from his ceding scheme (A). He believes he has suffered financial loss and distress and inconvenience in trying to sort this matter out, for which he wants to be compensated.

What happened

The background to this complaint was set out in the view issued by our investigator. The timeline of events is not in dispute by either party and so I repeat it here for clarity. Mr H held a personal pension with A and wanted to transfer it to Royal London. On 27 October 2022, Mr H e-signed a letter of authority (LOA) so Royal London could obtain plan information from A.

On 14 November 2022, Royal London sent the LOA to A.

On 6 December 2022, A responded and stated, "Unfortunately, we are currently unable to accept electronic signatures through DocuSign for Letters of Authority".

Then, on 7 December 2022, Royal London sent Mr H a transfer in form which he completed, signed and returned the same day. He also sent a new LOA with a wet signature. He also raised a complaint because he was unhappy with the time taken to transfer his pension to Royal London. As well, he felt the app was misleading because it did not mention that e-signatures might be rejected and felt the transfer process was not well explained.

On 8 December 2022, Royal London sent A an Origo transfer request and on 16 December 2022, the funds were received into Royal London from A.

On 22 December 2022, Royal London issued its final response. It upheld Mr H's complaint. It apologised for the poor customer service and the delays it accepted it caused but ultimately still felt the transfer had been completed within timely manner. It offered Mr H £100 as a good will gesture.

Mr H was disappointed in Royal London's response. He felt a financial loss had occurred and Royal London should put him back in the position he would have been in had the transfer gone ahead at the date he felt the transfer should have been completed.

On 9 January 2023, Mr H brought his complaint to this service.

An investigator looked into things for Mr H. She agreed that the transfer could have gone ahead at an early date. In her view she thought Royal London should have issued the transfer application form earlier and hadn't reasonably explained why it hadn't done so. She asked Royal London to calculate if a loss had occurred using the date she felt the transfer could have been completed.

Mr H agreed with the investigators view, but he asked for the transfer date to be a day earlier than that proposed by the investigator.

Royal London disagreed and asked for an ombudsman decision.

As both parties had disagreements about the investigators view, the complaint has been passed to me for a 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.

Having done so, I have independently reached the same outcome as the investigator. I'll explain why.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr H and Royal London. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words, I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead, this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

There is no dispute here that Royal London caused some unreasonable delays and misleading information was provided. The disagreement lies in the level of those delays and the potential financial loss. So, I must determine if Royal London has acted fairly when it says that although there were delays the transfer was still carried out in a timely manner and by offering him £100 as a good will gesture for the distress caused.

I have to say I'm not persuaded that Royal London has acted fairly. Whilst there were elements of the timeline that fell outside of Royal London's control, I'm in agreement with the investigator that this transfer could have occurred on 28 October 2022, rather than 16 December 2022 when it was completed.

Royal London requires a LOA to be signed for every pension transfer in. That is not unreasonable, and so I agree it acted fairly in asking Mr H to complete this on 27 October 2022. But in its email dated 23 March 2023, Royal London says:

If the Transfer In Form allows us to identify that we can accept the plan we will go ahead and request the transfer, however if it had not, we would use the signed LOA to request additional information.

In this case, Royal London did not need any additional information and did not need to use the LOA, so if it had sent the transfer in application form at the same time as it sent the LOA to Mr H, it could have completed the transfer request the following day i.e., 28 October 2022. Royal London hasn't given an explanation why the transfer in form wasn't sent at the same time. I can see that when it did send the form, Mr H sent it back immediately and so I'm persuaded the same would have applied in October. I think this did cause a delay because ultimately the transfer proceeded solely based on the transfer in application form and the LOA was not used. So, it follows that Royal London should carry out a calculation to see if it had carried out the transfer at the earlier date whether Mr H would have incurred a loss.

I appreciate Mr H would prefer the calculation date to be the 27 October 2022, but I must follow the same timeline of events to be fair to both parties. Royal London made the Origo request the following day (8 December) after it received the transfer in application form (7 December) and so applying that timeline, which I believe to be fair and reasonable means Royal London would have been in a position to make the Origo request on 28 October 2022.

It took A, six working days to send the funds to Royal London from the date of the Origo request. For that reason, I agree that Royal London would have received Mr H's funds on 7 November 2022 as this is six working days from 28 October 2022.

Putting things right

That means Royal London will need to work out if Mr H has suffered any financial loss by comparing what his fund is currently worth with what it would've been worth had Royal London received the transfer value on 7 November

If this demonstrates a loss, the compensation amount should if possible be paid into Mr H's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr H as a lump sum after making a notional deduction to allow for income tax that would otherwise have been paid. Typically, 25% of the loss could have been taken as tax-free cash and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So, making a notional deduction of 15% overall from the loss adequately reflects this.

As explained above, it is assumed that Mr H will be a 20% income taxpayer in retirement. If Mr H disputes this, then he would need to clarify this immediately upon receipt of my findings and provide evidence of this to Royal London if they require it.

With regard to compensation for the inconvenience caused by the one-month delay I agree that £200 is more in keeping with what this service would think fair and reasonable in the circumstances of this complaint and would better reflect the distress caused to Mr H here.

My final decision

For the reasons I have given I uphold this complaint and direct The Royal London Mutual Insurance Society Limited to carry out the redress as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 June 2023.

Wendy Steele
Ombudsman