

The complaint

Miss S' complaint is about delays by The Royal London Mutual Insurance Society Limited in transferring her pension to it from another pension provider.

What happened

I issued my provisional decision on this complaint on 12 April 2023. The background and circumstances to the complaint and the reasons why I was provisionally minded to uphold it in part were set out in that decision. I've copied the relevant parts of it below, and it forms part of this final decision.

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Miss S' complaint was considered by one of our investigators. He sent his assessment of it to both parties in November 2022. The background and circumstances to the complaint were set out in that assessment. But to recap, Royal London received paperwork about the transfer and a completed letter of authority on 3 December 2021. It sent them onto Miss S' existing pension provider (which I will refer to as Provider A) on 5 January 2022.

The signature on the letter of authority didn't match the signature Provider A had on its file. So Provider A sent a letter to Royal London on 7 February 2022 asking for further identification.

Miss S called Provider A to raise a complaint about the time it was taking to complete her transfer on 22 February 2022. She also e-mailed it over the identification it required. Provider A then sent the transfer quote and policy information to Royal London that same day, also sending a copy of the quotation to Miss S.

This information was received by Royal London on 28 February 2022. Royal London sent the transfer pack to Miss S on 9 March 2022. On 12 April 2022 Miss S complained to Royal London about the time it was taking to complete the transfer. Royal London re-sent the transfer forms to Miss S on the same date.

Royal London issued its response to the complaint on 19 April 2022. It apologised for the delays in completing Miss S' transfer and it offered her £300 in compensation for the distress and inconvenience caused. Royal London also subsequently agreed to conduct a loss assessment once the transfer was complete, to ensure Miss S had not been financially disadvantaged.

Miss S' completed transfer application form was received by Royal London on 27 May 2022.

The transfer request was made and a payment of £43,425.87 was made by bank transfer to Royal London on 13 June 2022.

Provider A sent a letter to Miss S on 1 July 2022 explaining an MVR (Market Value Reduction) of £2,382.60 had been applied to the transfer. Miss S contacted Royal London requesting it compensate her for the amount of the MVR and also to chase for an update on

the loss assessment. Royal London responded to say it would offer Miss S additional £200 in compensation for its delays in conducting a loss assessment. Royal London said it wouldn't pay the MVR of £2,382. It provided a copy of its loss assessment saying it showed Miss S hadn't suffered a loss as a result of its delays.

Miss S referred her complaint to us. Our investigator explained that our role, where it was identified that a firm had made an error, was to try and put the complainant as far as possible back into the position that they would have been in had the error not occurred.

The investigator noted Royal London had acknowledged the delays it had caused and had offered Miss S a total of £500 in compensation for the distress and inconvenience caused. The investigator thought this compensation was fair and fell within in line with what our service would recommend for delays of this nature.

The investigator also noted that Royal London had carried out a loss assessment saying if it were not for the delays on its part the earliest the transfer could have been completed was 12 May 2022. The investigator thought Royal London's reasoning behind using this date was reasonable in the circumstances. And that Royal London's calculations showed that Miss S was £651 better off when comparing her actual position with the position if the transfer had been completed on 12 May 2022.

The investigator acknowledged Miss S' comments that the MVR had changed significantly in value during the course of the transfer process. And he noted Royal London had said it would look to see if the MVR had increased between 12 May and 13 June 2022. The investigator thought Royal London should acquire the MVR figures from Provider A and if the value of the MVR on 12 May 2022 was less than what it was when the transfer was completed, Royal London should compensate Miss S the difference.

Miss S didn't agree with the investigator's findings. She said, in summary, that she hadn't received £200 of the £500 Royal London had offered. And even after she was offered £300 as an apology for the delay on 19 April 2022, it had still taken just under eight weeks to finalise the transfer which was well over the industry standard of 30-40 days. Miss S said the transfer should have been completed by the end of January 2021 following her instruction in December 2021. However it took over seven months - more than six times the maximum amount of time it should have taken and she was being penalised for the delays.

Miss S said when she asked to transfer the funds she was told no MVR would be applied to the plan. And it was due to the delays and mismanagement of both pension providers that she was subject to the MVR – nearly 5% of the value of the plan. Miss S said the providers used the Origo transfer system which was supposed to be more efficient.

The investigator responded to the points made by Miss S. He said, in summary, that he expected Royal London to make payment of the additional £200 it had offered to Miss S. But he thought the £500 overall was fair.

The investigator said looking at the timeline of events, he thought there were some factors that neither pension providers were accountable for. He said the transfer pack was sent to Miss S by email on 9 March 2022 and 12 April 2022. And by letter on 9 May 2022. However Royal London hadn't received the completed forms back until 27 May 2022. The investigator also noted there was an issue with Miss S' signature not matching the one Provider A held on file. He said pension businesses had an obligation to ensure they carried out the necessary security checks when processing a pension transfer. And he said the Origo system had only started once the completed transfer forms had been received - the request had been placed on 10 June 2022.

The investigator subsequently provided a further response to Miss S saying, in summary, that given the circumstances, he was satisfied that the earliest the transfer could have been completed by was 12 May 2022 (but for the delays that Royal London were responsible for). However the transfer value at 12 May 2022 was lower than that actually transferred (and the MVR higher on 12 May 2022). So he didn't think that Miss S had suffered a financial loss as a result of Royal London's delays.

What I've provisionally 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've come to largely the same conclusions as the investigator, and for the same reasons. However I think Royal London should calculate whether Miss S has suffered a loss using slightly different dates.

Section 228 of the Financial Services and Markets Act 2000 requires that the ombudsman determines a complaint by what is, in the opinion of the ombudsman, fair and reasonable in all the circumstances of the case.

I understand Miss S' position on the transfer as it took a lot longer than it can ordinarily take. However the time taken for every transfer to complete will depend on the particular circumstances surrounding it. And as I've said, I'm required to consider all the circumstances to decide what's fair and reasonable.

Pension providers are expected to process requests to transfer in a timely manner. But it wouldn't be fair or reasonable to hold pension providers responsible for delays that are outside of their own control, and where they have acted reasonably but a particular set of circumstances has resulted in delays to a transfer.

I recognise that Miss S first started the process to transfer in December 2021 and may have been told that there was no MVR at that time or shortly after. But an MVR is applied at transfer date. The transfer did take longer than would ordinarily be expected. But I think this was a result of the particular circumstances surrounding the transfer, and as the investigator explained, some of the reasons for the time taken were outside of Royal London's control; for example it e-mailed the first transfer pack to Miss S on 9 March 2022, however it didn't receive the completed forms back until 27 May 2022 – over 11 weeks. I accept that Miss S may not have received them and other forms were resent, but equally, I don't think that was Royal London's error as they appear to have been correctly addressed.

Royal London acknowledged that it was responsible for some delays, including that when it received Miss S' transfer forms on 3 December 2021 it didn't contact Provider A until 5 January 2022; that it should have chased Provider A earlier after it had sent those forms; and on receipt of the completed transfer application form on 27 May 2022 it should have put the request on Origo in a timelier manner. It calculated that in total it was responsible for delays of 36 working days, and said but for those delays, the earliest it could have processed the transfer was 12 May 2022.

I agree with the delay periods that Royal London has acknowledged it was responsible for - 36 working days. However I'm not currently sure I agree with the 12 May 2022 date using this 36 working day period. It appears to me that the 12 May 2022 date includes non-working days. However if the delays are calculated on working days only, I think it follows that when working back to the appropriate date the same principle should apply. So if Sundays are the only non-working day, that would suggest the appropriate date working back from 16 June 2022 would be 5 May 2022. If Saturdays are also regarded as non-working days for

administration processing purposes, that would suggest 28 April 2022. I therefore think Royal London should use whichever of these dates is appropriate to calculate loss, unless there is an explanation for the use of the 12 May 2022 date. Royal London should confirm whether Saturdays are counted as working days when responding to this provisional decision.

I realise that Miss S will be disappointed with my decision given that this won't compensate her for the losses that she is claiming. However in my view, taking all the above into account and the delays that I think Royal London is reasonably responsible for, I'm satisfied what I have set out is fair and reasonable in all the circumstances.

My provisional decision

Accordingly, my provisional decision is that I uphold Miss S' complaint in part.

I went on to set out how I thought Royal London Mutual Insurance Society Limited should calculate and pay fair compensation to Miss S.

I asked Miss S and Royal London Mutual Insurance Society Limited to let me have any further evidence or arguments that they wanted me to consider before I made my final decision.

Miss S didn't accept the findings in my provisional decision. She said, in summary, that some of the information in the decision was not correct. She said the only time she had been advised of a delay due to her signature was when she started her complaint with the Ombudsman Service. And she received no such letter from either Royal London or provider A advising her there was a question over her signature or authorisation.

She also said when she had asked about the MVR the person at Provider A couldn't explain it, and then she was told there would not be one applied.

The Royal London Mutual Insurance Society Limited didn't respond to my provisional 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've seen no reason to depart from the findings set out in my provisional decision.

I've considered what Miss S said in response to my provisional decision. However I don't think the points she raised are material to deciding the outcome of this complaint, which is against Royal London (rather than Provider A).

My final decision

Accordingly, for the reasons set out in my provisional decision reproduced above, my final decision is that I uphold Miss S' complaint in part.

Royal London didn't respond to my provisional decision and didn't confirm if Saturdays were counted as working days for the processing of this transfer. So I order Royal London Mutual Insurance Society Limited to calculate what the transfer value of Miss S' pension is worth at

the date of this final decision, and compare it to what it would have been worth if the transfer had taken place on either 5 May 2022 (if Saturdays are a working day), or 28 April 2022 (if Saturdays aren't a working day).

If the value assuming it had been transferred on the appropriate date (5 May 2022 or 28 April) is higher, there is a loss, and Royal London Mutual Insurance Society Limited should pay into Miss S' pension plan such an amount as to increase its value by the amount of the loss and any interest. The payment should allow for the effect of charges and any available tax relief. Royal London Mutual Insurance Society Limited shouldn't pay the compensation into the pension plan if it would conflict with any existing protection or allowance.

If Royal London Mutual Insurance Society Limited is unable to pay the compensation into Miss S' pension plan, it should pay that amount direct to her. 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.

The notional allowance should be calculated using Miss S' actual or expected marginal rate of tax at her selected retirement age. I think Miss S is likely to be a basic rate taxpayer at her selected retirement age. So the reduction should equal the current basic rate of tax. However, if Miss S would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation.

Interest at the rate of 8% simple per annum should be added to any loss calculated as the final decision date if settlement isn't made within 28 days of our service notifying Royal London of Miss S' acceptance of this final decision.

Royal London offered Miss S £500 in total for the distress and inconvenience caused by the matter. I think that offer is fair and reasonable in the circumstances. The Royal London Mutual Insurance Society Limited should pay Miss S the £500 if it hasn't already done so (or any amount of that £500 that it hasn't already paid to Miss S).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 26 May 2023.

David Ashley
Ombudsman