

## The complaint

Mrs R complains that delay by 1825 Financial Planning and Advice Limited (1825) in providing her with advice about transferring her occupational pension scheme (OPS) benefits to a self invested personal pension (SIPP) meant the cash equivalent transfer value (CETV) offered by the OPS and guaranteed for three months expired. Mrs R did transfer her OPS benefits but the new CETV was lower.

## What happened

I issued a provisional decision on 25 May 2023. I've recapped here what I said about what had happened and my provisional findings:

*'In 2020 Mrs R was considering transferring the value of her OPS benefits, including her AVCs (Additional Voluntary Contributions). She met with an adviser from 1825 on 7 December 2020. I think it's helpful to set out a timeline of the key steps:*

*22 December 2020: 1825 sent a letter of authority (LOA) to the OPS administrators and a request for information. 1825 also requested information from the AVC provider.*

*29 December: 1825 received information from the AVC provider. 1825 also received an email from the OPS administrators saying they'd only accept the original LOA.*

*5 January 2021: 1825 posted the original LOA to the OPS administrators.*

*13 January: 1825 received information from the OPS administrators. But it was the same information as Mrs R had already provided to 1825.*

*25 January: The OPS administrators emailed a CETV to 1825. The CETV for Mrs R's main OPS benefits was £1,010,926.06, guaranteed until 25 April 2021. The CETV for the AVC fund was £15,783.31 which was guaranteed until 11 April 2021.*

*26 January: The adviser sent all the information to 1825's Pension Transfer Specialist (PTS) team and asked for it to be checked. A meeting was also requested.*

*4 February: There was a meeting at which the information which had been received was discussed along with what outstanding information was required.*

*9 February: 1825 sent a further information request to the OPS administrators.*

*16 February: 1825 received a response from the OPS administrators but, as it didn't include all the details requested, 1825 sent a further email to the OPS administrators.*

*24 February: 1825 received the information requested.*

*12 March: There was a further meeting with the PTS. 1825 telephoned the OPS administrators to request retirement quotations. It seems there may have been some issue with the LOA so the quotations would have to be sent direct to Mrs R. 1825 also requested an extension to the CETV.*

*15 March: 1825 called Mrs R for more information and to ask her to obtain the retirement quotations that 1825 required.*

*16 March: 1825 requested a TVC (Transfer Value Comparator) calculation. A death benefit query was also raised.*

*17 March: 1825 started to prepare the recommendation report but the illustrations were still awaited. The TVC was put on hold as it seemed unlikely the CETV deadline would be met.*

*19 March: There was a further discussion.*

*26 March: The OPS administrators emailed to confirm that due to delay on their part a free CETV would be offered if the deadline was missed.*

29 March: 1825 received the retirement quotations.

6 April: An email was sent to the PTS for an update. A cashflow analysis was being done and other checks undertaken.

7 April: 1825 told Mrs R it was unlikely the advice would be ready in time to meet the CETV deadline and asked her to request a new CETV.

8 April: An analysis had been in part prepared but a further meeting was needed.

12 April: 1825 telephoned the OPS for information on the AVC funds. Fund fact sheets were received by email.

14 April: There was a further meeting.

19 April: More information on the AVC funds was requested.

20 April: The OPS administrators replied but not all of the information which had been requested was provided.

21 April: Mrs R received a new CETV. The CETV for the main OPS benefits was £920,743.82 and £15,642.67 for the AVCs. Both were guaranteed until 21 July 2021.

27 April: 1825 requested the outstanding information from the OPS administrators again. 1825 didn't receive it and contacted Mrs R to ask for it.

27 May: 1825's recommendation report was produced.

8 June: Mrs R completed the paperwork and returned it to 1835.

12 July: Mrs R contacted the OPS administrators because the transfer hadn't been completed. She was told the paperwork hadn't been received.

14 July: The OPS administrators confirmed to Mrs R that the transfer process was starting.

In August 2021 Mrs R, unhappy with the delays and the quality of the suitability report, complained to 1825. 1825 didn't accept it was responsible for the transfer not concluding promptly. It pointed to the Christmas holiday period resulting in delays and incomplete information having been provided by the OPS administrators. 1825 also suggested that requesting the CETV earlier than usual might've had an impact. 1825 did agree that the handling of the transfer fell short of its usual standards. The suitability report contained some errors and documents had been sent to an incorrect address for the ceding OPS. 1825 offered, in total, £400 for the trouble and upset caused.

Mrs R didn't agree and asked our service to look at the complaint. Amongst other things, she said successive guarantee dates were missed and, by the time 1825 was in a position to complete the transfer, the CETV had fallen by some £65,000. She'd suffered financial loss, 1825's service had been poor and there'd been a serious data breach.

Mrs R told us that, in preparation for her meeting on 11 December 2020 with 1825, she'd obtained a CETV guaranteed until 7 March 2021. She'd signed all the paperwork and hand delivered it to 1825 on 11 December 2020. On 25 January 2021 she received an email from the OPS administrators saying 1825 had requested a new CETV. 1825 told her on 22 February 2021 that an analysis of her pension had been completed with more information awaited from the OPS administrators. But on 7 April 2021 1825 said the deadline would be missed and she'd need to obtain a new CETV. It was some £65,000 less. Mrs R added, although she'd signed the transfer paperwork on 9 June 2021, by 12 July 2021 the transfer hadn't been completed and the new CETV expiry date was 21 July 2021. The OPS administrators advised the paperwork hadn't been received.

As well as suffering a financial loss she'd been caused a lot of distress and she'd had to spend time and effort in gathering the relevant evidence and compiling her complaint. She said she'd spent 26 hours dealing with the matter which at £10 per hour was £260.

Our investigator upheld the complaint. In brief her findings were:

- It was unclear why 1825 hadn't requested all of the information at the outset on 22 December 2020. 1825 hadn't asked for retirement quotations or fund fact sheets until

later on and that had delayed the transfer unnecessarily. It would've been clear from the outset that retirement quotations were needed to compare the OPS benefits with the proposed arrangement. And 1825 would've needed to know where the AVC fund could be invested to compare investment options in the new plan.

- The OPS administrators had taken 35 days to provide the information requested on 6 January 2021. But that still left 42 days for the advice to be prepared and the transfer paperwork to be sent to the OPS administrators.
- If all of the information had been requested on 6 January 2021 it was likely the advice would've been prepared and the paperwork submitted by 25 April 2021.
- Mrs R may still have missed the deadline for the AVC fund as the deadline was 11 April 2021. So she hadn't suffered any financial loss in respect of the AVC. But she had lost out financially in respect of her main OPS benefits.
- To put things right 1825 should pay Mrs R the difference between the CETV dated 25 January 2021 and the CETV dated 21 April 2021. The investigator set out how the compensation should be paid. She said the £400 offered for trouble and upset should be paid if 1825 hadn't already done so.

Mrs R accepted the investigator's view. 1825 maintained it wasn't responsible for the delay in the transfer. Amongst other things 1825 pointed out that the LOA was originally sent to the OPS administrators on 22 December 2020 by email. The OPS administrators then advised that the original LOA was required, despite having confirmed on 21 December 2020 that emailed copies would be acceptable. The LOA was posted on 5 January 2021. It was unclear exactly what information was asked for but normally full details, including retirement illustrations, would be requested. The information pack was received from the OPS administrators on 13 January 2021 but the information was just what Mrs R had already provided to 1825 which wasn't sufficient. 1825 included an extract from its records showing how things had progressed.

The investigator considered 1825's further comments. She noted what 1825 had said about retirement quotations having been requested when the LOA was sent in January 2021. The investigator asked for evidence of that request and copies of other information requests so she could see exactly what information had been requested and when.

1825 said it had reviewed its file but hadn't been able to find a request for the retirement illustrations before 12 March 2021. 1825 enclosed, amongst other things, a copy of the OPS administrators' response dated 26 March 2021 apologising for the delay. 1825 added that part of the issue was that Mrs R had requested her own CETV on 5 January 2021. Usually 1825 would request a LOA to gain a better understanding of the OPS before asking for a CETV. 1825 issued the LOA by post on 5 January 2021. The CETV was received on 25 January 2021 but 1825 hadn't obtained all the information from the OPS by then. 1825 attached some email correspondence to evidence its actions.

The investigator considered the further information provided but it didn't change her view of the case. She maintained 1825 had caused unnecessary delays by not requesting the retirement quotations initially. She told Mrs R and 1825 that the matter would be referred to an ombudsman and asked for any further comments. I don't think 1825 added anything further.

### **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 agree with the investigator that Mrs R's complaint should be upheld. From

*what I've seen, the main cause of the guarantee date of 25 April 2021 being missed was 1825's failure to request all of the necessary information and, in particular, retirement quotations from the OPS administrators. Although 1825 says these were requested at the outset, 1825 hasn't been able to evidence that by production of the information request. Further, as I've set out below, I think there were times when 1825 didn't progress the matter as quickly as it should've done.*

*I note what 1825 has said about Mrs R having requested a CETV which 1825 would usually do after information about the OPS had been obtained. I agree it can be beneficial for an adviser to gather information about the OPS, the client's objectives and financial position generally before requesting a CETV. Doing things that way round gives more time to meet the three month CETV deadline. When advising on a defined benefit OPS transfer, there's a very considerable amount of information that needs to be gathered from several sources and analysed. Time can be tight in doing all that's required within three months and preparing a recommendation, allowing time for the client to consider it and dealing with any queries and, if the transfer is to proceed, completing and submitting the necessary paperwork. Relatively small delays can add up over the three month period and can lead to the CETV deadline being missed.*

*It's not entirely clear what happened about requesting the CETV. Mrs R says she'd requested a CETV which was issued on 7 December 2020 and guaranteed until 7 March 2021. But she's said on 25 January 2021 she received an email from the OPS administrators saying 1825 had requested a new CETV. If what Mrs R says is right then 1825 requested the CETV anyway.*

*I haven't looked into exactly what happened. But even if 1825 hadn't requested it, 1825 got the CETV on 25 January 2021 and so from then 1825 was aware it was working to secure that CETV. 1825 knew it had three months (until 25 April 2021). 1825 would also have been aware, if the deadline was missed and the CETV couldn't be extended, any new CETV (for which Mrs R might have to pay) could be lower. I think, once 1825 got the CETV (and regardless of who'd requested it) 1825 should've proceeded on the basis that the matter was urgent and progressed things accordingly to give Mrs R the best chance of securing the CETV.*

*After getting the CETV (on 25 January 2021) it wasn't then until 9 February 2021 (11 working days later) that 1825 requested further information from the OPS administrators. I'd have thought, given what I've said about treating the matter as urgent, analysis of the information to hand and any request for further details, should've been prioritised and treated as urgent. I don't think 11 working days is consistent with that.*

*1825 received further information on 24 February 2021. It then wasn't until 12 March 2021 – again some 11 working days later – that 1825 telephoned the OPS to request retirement quotations. I think that was too long. And it seems there was by then also some issue with the LOA.*

*1825 seems to agree that retirement illustrations should've been requested at the outset but can't evidence, by production of the request for information, that was the case. And, even if the illustrations had been requested and weren't supplied with the rest of the information on 24 February 2021, I'd have expected 1825 to have picked that up and repeated the request. That would've avoided the need to later make what seems to have been an urgent request on 12 March 2021 (by telephone) for the illustrations. I think that suggests 1825 failed to manage the situation appropriately and with the requisite degree of urgency.*

*And it seems that some issues had also arisen about what expenditure in the event of the premature death of Mrs R or her husband would be needed. It was also necessary to seek*

*their views as to death benefits and legacies. I note that there was a fairly lengthy telephone call on 19 March 2021. I'd have thought that sort of discussion would've taken place at the outset, so during the initial meeting with 1825. There can be a problem where all necessary information isn't gathered at the outset. A more 'piecemeal' approach is likely to result in the analysis and recommendation taking longer to complete.*

*I don't overlook that once 1825 had requested the retirement illustrations there was a delay on the OPS administrators' part in providing them – it wasn't until 29 March 2021 that 1825 received the retirement quotations. The OPS admitted that it had delayed and offered a free CETV if required. But I think that delay – some ten working days – is largely irrelevant. Even assuming it would've always taken that amount of time to produce the retirement quotes, 1825 should've noticed they hadn't been provided with the rest of the information on 24 February 2021 and so chased it up earlier.*

*Further and in any event, once the retirement quotes were actually received on 29 March 2021 there was still just over four weeks before the CETV expired. I think that was sufficient time for the recommendation report to be prepared, considered by Mrs R and, if she wanted to proceed with the transfer, complete the necessary paperwork and submit it to the OPS administrators. It's not clear to me why that couldn't happen and if, as I've said, 1825 should've treated the matter as urgent.*

*I agree with the investigator that Mrs R wouldn't have received the guaranteed value for the AVC scheme as the CETV expired two weeks earlier on 11 April 2021, rather than 25 April 2021. So the redress I've set out below is confined to the main OPS benefits.*

*In her view the investigator set out what 1825 needed to do to put things right for Mrs R. I agree that Mrs R's loss is the difference between the CETV dated 25 January 2022 and the CETV dated 21 April 2022 (for Mrs R's main OPS benefits). But I also think Mrs R should be compensated for any investment loss from the date the earlier CETV would've been paid and invested by the new provider.*

*Usually I'd say that date should be ascertained by using the actual time taken for the CETV to be paid and invested with the new provider once the customer had submitted the transfer request.*

*But I think there would be a problem in this case as it seems there was a delay in the transfer going ahead because paperwork was sent to the wrong address. Hence the OPS administrators didn't receive the transfer paperwork until around the middle of July 2021, even though Mrs R had confirmed her acceptance of the recommendation and had returned to 1825 the completed the transfer forms over a month earlier, on 8 June 2021. It seems that once the OPS administrators did get the paperwork the transfer was processed within a few days.*

*Against that background I think the date of investment with the new provider should be assumed to have been 10 May 2021. That[s] on the basis Mrs R would've accept[ed] the CETV by 23 April 2021 – the expiry date was 25 April 2021 but, as that was a Sunday, I've used the previous Friday. It then gives ten working days for the transfer to have been processed and for the new provider to have invested the transfer proceeds.*

*Sending the paperwork to the wrong address was I think a data breach. Although the breach may actually have been on the part of the new provider it seems the cause was that 1825 had supplied the wrong address. 1825's offer of £400 takes into account the data breach which I understand has been reported to the ICO.*

*I note what Mrs R says about remaining concerned as to where her personal data has ended*

*up. But, and taking into account that the information was sent to a business address, I'd hope the breach doesn't have any adverse consequences for Mrs R. I think the sum offered is fair and reasonable compensation for this aspect of the matter and 1825's other admitted service shortcomings. I think it also takes into account what Mrs R has said about the time she's had to spend dealing with this matter.'*

I went on to set out what 1825 needed to do to put things right for Mrs R.

Mrs R accepted my provisional decision. She asked if 1825 would have to provide details of the redress calculations. She confirmed she hadn't received the payment of £400.

1825 didn't have any further comments.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've set out above in full my provisional findings. In the absence of any further information, evidence or comments my views remain as set out in my provisional decision.

I've repeated below the redress I set out in my provisional decision. I've corrected an error as to the date from which it should be assumed the transfer value would've been paid to the new provider and invested. In the '*Putting things right*' section of my provisional decision I said that date was 5 May 2021. But earlier on I'd explained why I thought the date of investment with the new provider should be assumed to have been 10 May 2021. So that's the date that should be used, not 5 May 2021.

I've also said that 1825 should provide details of the redress calculations to Mrs R in a clear and simple format.

### **Putting things right**

To determine any loss to Mrs R, 1825 should obtain from Mrs R's provider the notional value of Mrs R's pension fund, as at the date of my final decision and on the basis the higher CETV had been paid to it and invested on 10 May 2021. The notional value should be on the basis that the CETV would've been invested in the same funds as Mrs R actually invested in from the later date when the transfer did go ahead and should take into account any subsequent fund switches.

The notional value should be compared to the actual value of Mrs R's pension as at the date of my final decision.

And loss should if possible be paid into Mrs R'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 Mrs R as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Mrs R hasn't yet taken any tax-free cash from their plan, 25% of the loss would be tax-free and 75% would have been taxed according to their likely income tax rate in retirement – presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.

Any loss will need to be paid within 28 days of when 1825 is notified of Mrs R's acceptance of my final decision. Interest at 8% pa simple on any unpaid amounts should be added from the date of my final decision to the date of settlement.

1825 should also pay Mrs R the £400 compensation offered for the trouble and upset the delays caused her.

1825 should provide details of the redress calculations to Mrs R in a clear and simple format.

### **My final decision**

I uphold the complaint. 1825 Financial Planning and Advice Limited must redress Mrs R as I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 3 July 2023.

Lesley Stead  
**Ombudsman**