

## **The complaint**

Mr L says that he lost money on the withdrawal of his pension from Zurich Assurance Ltd (Zurich) because of unnecessary charges they applied.

## **What happened**

Mr L held a personal pension with Zurich and in December 2021 requested a withdrawal in connection with his Uncrystallised Funds Pension Lump Sum (UFPLS) claim. The payment was to be made to a pound sterling account held with an overseas bank. On 7 January 2022, Zurich wrote to Mr L to advise that the sum of £54,943.06, being the amount of the uncrystallised funds in Mr L's pension less an £11 'International Money Mover' charge, had been paid.

On 19 January 2022, Mr L advised Zurich that the amount transferred to his overseas bank was £53,093.58 showing that a deduction of £1,849.48 had been made. In response, Zurich advised that the sum of £54,943.06 had been debited from their account. They told Mr L that only the Money Mover charge of £11 had been deducted and suggested that the remainder of the deduction may have been in relation to a charge by an intermediary for handling or currency conversion. On this point, since it appears as though the amount of £54,943.06 was debited from Zurich's account, it would appear that the Money Mover charge had already been applied. That is, £11 was deducted from the amount of £54,954.06 leaving £54,943.06 which was then transferred.

In response, Mr L complained to Zurich saying that no currency charge should be applied since the transfer of funds was between accounts in pounds sterling (GBP). Mr L also told Zurich that no mention had previously been made of an intermediary bank charge.

Zurich sent Mr L a final response letter dated 16 February 2022 by email advising again that the sum of £54,943.06 had been debited from their account and that they only imposed the Money Mover charge which they had made Mr L aware of. Zurich also said that Mr L may have been charged by his bank or any intermediary bank for handling the transaction or converting the currency of the payment.

In January 2023, Mr L telephoned Zurich and was told that a response to his complaint had been sent in February 2022 but Mr L had not received this because the email address to which it was sent was incorrect. Mr L asked for a copy of the letter to be resent to him at the correct address.

Zurich apologised for sending its earlier response to the incorrect email address and sent a new final response letter to Mr L on 27 January in which they repeated to Mr L that the sum of £54,943.06 had been debited from their account and that an amount of £11 had been the only deduction. They then repeated the wording of the previous letter about when the Money Mover charge is applied and how Mr L may be charged by his bank or any intermediary bank.

Mr L replied to say that his previous points had not been addressed in the letter from Zurich, namely that his bank did not make a charge for receiving deposits, there should have been no currency conversion element to the transfer and that the party that made the charge has not been identified with no explanation provided as to why more than the £11 Money Mover charge was deducted.

Our Investigator asked Zurich to provide further information on a statement provided by them to us which showed that the amount of £54,943.06 was sent on 7 January 2022 but that it also showed the payment as 'Foreign' and the amount of 274,649.37 in Emirati dirhams (AED).

Our Investigator also asked Mr L to provide details on another drawdown he said he had made from Zurich. Mr L provided the details of this additional drawdown which was made on 7 March 2023 in the amount of £55,643.39. Mr L provided a statement which indicated that, for the 7 March 2023 drawdown, the amount of £55,643.39 had been received from Zurich and this amount had been paid to Mr L's bank in GBP. Contrasting this, a further statement provided by Mr L for the 7 January 2022 drawdown indicated that this amount had been received in AED. Mr L also provided written confirmation from his bank advising that they did not charge for receiving funds in GBP.

In response to the Investigator, Zurich said that the payment in January 2022 was sent in GBP however Zurich's bank had shown an AED conversion rate on the statement. The Investigator then queried why an AED conversion rate had been applied when the payment was being sent in GBP to an account in the same currency. The Investigator also highlighted the 7 March 2023 payment and noted that the conversion rate was not indicated on the corresponding statement and suggested this was because the January 2022 payment had been sent in AED but that the March 2023 payment had been sent in GBP. The Investigator asked Zurich to provide a statement for the March 2023 payment indicating the conversion rate applied by Zurich's bank.

Zurich did not reply and the Investigator issued his view in the absence of this information. The view said that:

- Mr L's bank statement shows that the amount of AED 274,529.39 was received in January 2022 and that Mr L's bank applied a conversion rate of 5.17067 meaning that £53,093.58 was deposited in Mr L's account.
- No similar conversion rate or AED amount was indicated on Mr L's bank statement for the March 2023 payment.
- Mr L's bank have confirmed there is no charge for receiving funds in GBP.
- Zurich did not respond to any of the requests for further commentary.
- It is not clear why Zurich's bank applied an AED conversion rate on the January 2022 payment when this was being paid to an account in GBP.
- He believed this was an error caused by Zurich or its bank which incorrectly converted the payment from GBP to AED.
- If Zurich or its bank had not converted the January 2022 payment into AED, there would not have been a shortfall.
- Zurich should pay Mr L £1,838.48 plus 8% simple interest from 18 January 2022 to the date of settlement and should cover any transfer charges that may apply.
- Zurich should also pay Mr L £150 for the distress and inconvenience caused.

Zurich responded to say that they were satisfied the payment made to Mr L was processed correctly and that any discrepancy in the sum he received was not the responsibility of Zurich or its bankers. They said that they were however still in discussion with their bank in an attempt to ascertain why the payment shown in Mr L's account differs to that expected in particular with regard to the AED information.

Since Zurich did not provide this information within the timescales set out by the Investigator, the matter was forwarded to me for review.

### **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 reached the same conclusion as our Investigator and will be upholding Mr L's complaint.

Based upon the evidence provided by Mr L and Zurich so far, it is clear to me that the charge of £11 applied by Zurich to the January 2022 payment was expected and fairly applied. What is less certain is what other charges or conversions were applied to this payment either by Zurich, Mr L's bank or an intermediary. I will therefore make my decision based on the balance of probabilities given the information I have seen.

Firstly, the statement from Mr L's bank detailing the payment received on 18 January 2022 indicates that the inward remittance was made in AED in the amount of 274,529.39. It also indicates that an exchange rate of 5.17067 was applied to this payment and this resulted in the amount of £53,093.58 which was credited to Mr L's account.

In relation to the March 2023 payment, a similar statement from Mr L's bank indicates an inward remittance in GBP of £55,643.39 and this was precisely the amount deposited.

Given information obtained by Mr L from his bank, I am satisfied that a charge would not have been applied for an amount received in GBP and that it is likely a charge may be applied if an amount was received in any other currency, including in AED.

It would be helpful to have more information from Zurich confirming either that the January 2022 payment was sent in GBP or that the payments from January 2022 and March 2023 were handled in precisely the same way. However, in the absence of this, it seems reasonable to me to conclude that the January 2022 payment was dealt with differently to the March 2023 payment and that the January 2022 payment appears to have been unnecessarily converted into AED before being sent to Mr L's bank. This would therefore explain why Mr L's bank received an amount in AED to which they seemingly applied a charge and this would account for the discrepancy in the amount sent and the amount that ultimately became available to Mr L.

### **Putting things right**

In my view, the logical conclusion based on the evidence that has been provided is therefore that some administrative or other error has led to Zurich or their bankers incorrectly converting Mr L's withdrawal amount into AED before sending this to the receiving bank. This is what necessitated the need for a conversion back into GBP

Given that this should not have been done and that Mr L has suffered the loss of £1,849.48 as a result, Zurich should be held liable for this loss. In addition, Mr L has experienced a

great deal of inconvenience in trying to understand why there is a discrepancy between the amounts sent and received and this should have been easy to resolve. I feel it is also reasonable for Zurich to compensate Mr L for this distress and inconvenience.

I note that there may have been an error in the calculations applied by the Investigator in that the £11 Money Mover charge was deducted from the amount awarded for Mr L's loss. As I have said in this decision, I understand that the Money Mover charge had already been deducted prior to the amount of £54,943.06 being transferred and therefore the loss amount should be £1,849.48 rather than £1,838.48.

### **My final decision**

For the reasons explained above, I uphold Mr L's complaint. Zurich Assurance Ltd must now pay Mr L the amount of £1,849.48 plus 8% simple interest from 18 January 2022 together with any transfer costs which may apply. Zurich Assurance Ltd should also pay to Mr L the amount of £150 to reflect the distress and inconvenience he has suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 13 October 2023.

Rana Chatterjee  
**Ombudsman**