

The complaint

Mr A complains that Grove Pension Solutions Limited (Grove) are responsible for a reduction in his transfer value.

What happened

I issued a provisional decision on 4 July 2023. I've recapped here the background and my provisional findings.

'In April 2021 Mr A obtained a guaranteed cash equivalent transfer value of £291,279.70 for deferred benefits he held in a former employer's defined benefit occupational pension scheme (OPS). The transfer value was guaranteed for three months.

Mr A sought advice from Grove in November 2021 (by which time the guarantee date for the transfer value he'd earlier obtained had expired) about transferring to a personal pension arrangement. Mr A underwent Grove's Triage Service and Abridged Advice was provided. Mr A confirmed on 19 February 2022 that he wanted to proceed to Full Advice. Grove called Mr A on 25 February 2022. Grove's recommendation was that Mr A should transfer. But Grove's formal suitability report wasn't issued until 20 April 2022. A new transfer value was then obtained – it was £275,883.43, so some £15,396 less than the transfer value Mr A had got earlier.

Grove emailed Mr A on 7 June 2022 following a conversation the day before. Amongst other things Grove said it wasn't responsible for the reduction in the transfer value and Mr A didn't have to accept the reduced transfer value. Mr A had indicated he still wanted to transfer. If he decided against transferring he'd retain the security of the OPS and any transfer value offered later could increase.

Mr A complained to Grove but the complaint wasn't upheld. Grove said that when Mr A had approached Grove via his independent financial adviser (IFA) he'd given Grove a transfer value that had already expired. So it would need to be recalculated before any transfer could be arranged. Grove said it was usual practice to proceed on the basis of the (out of date) value so as to avoid the client paying a recalculation fee when it wasn't known what the advice would be – if the advice was that the client shouldn't transfer and that advice was accepted there'd be no need to get a new transfer value. Abridged Advice had been given to Mr A and the report had confirmed that where the transfer value had already expired, it would be recalculated and could go down. So the client may want to obtain an up to date transfer value before deciding whether to proceed to Full Advice.

Grove agreed there'd been a delay in issuing the report to Mr A. Grove said that was because of compliance checks and necessary rework. Dealing with defined benefit transfers was extremely complex, difficult and lengthy. Grove's compliance team review all cases and the rework and amendments required when reviewing Mr A's file were essential to ensure the advice Grove provided was correct. Grove referred to what it said in the welcome pack about the work involved. Full Advice had been provided to Mr A based on the expired value. A new value had been requested in error for Mr A's wife. Although the value had increased it could've reduced. A fact finding call had been cancelled due to staff illness. It was pushed

back a couple of weeks but it had no overall impact on timescales as in the interim calculations and contact with the OPS could still take place.

Mr A remained dissatisfied and referred his complaint to us. He was unhappy with the time taken and the fact that his transfer value reduced. He'd received a positive recommendation to transfer on 25 February 2022. He'd asked Grove if he needed to do anything else – for example, get an updated transfer value. He was told no but at about the same time Grove was also advising Mr A's wife in connection with an OPS transfer and a new transfer value was obtained for her. Mr A says he was told he should receive the full report (for his transfer) the following week with everything explained. But the report took a further eight weeks. Mr A also had to get a new transfer value which he was expecting Grove to obtain. Mr A expected that by December 2021 the value would be £320,000. Mr A felt Grove had mishandled the matter and that cost him over £20,000.

One of our investigators looked into what had happened but she didn't uphold the complaint. She was satisfied Grove had provided advice to Mr A around the estimated timescales which had been explained throughout the process.

Mr A didn't accept that and requested an ombudsman's decision. We asked Grove for some more information about the time taken. We'll share what Grove said with Mr A.

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.

I understand Mr A's disappointment that the actual transfer value paid was lower than the earlier transfer value he'd been quoted. Mr A's view is that, had a new transfer value been requested at an earlier stage in the process, it would've been higher and, on the basis his transfer could've been completed within the three month guarantee period, he'd have got a higher transfer amount.

Mr A approached Grove with an already expired transfer value. So there was no guarantee date to meet. Mr A signed a form acknowledging that advice couldn't be provided before the transfer value expired and that Grove couldn't be held responsible if the transfer value fell or for the cost of the recalculation fee. Neither Mr A nor his independent financial adviser (IFA) asked Grove to obtain a new transfer value. Mr A knew all along that Grove was working with an expired transfer value and that a new transfer value would ultimately be required if he decided to go ahead with a transfer. But, even though Grove wasn't working to a deadline as such, I'd still expect Grove to deal with the matter promptly and efficiently and in line with reasonable time frames.

Grove's initial letter of 17 November 2021 said there was a lot of information needed from the OPS which might not always be supplied in one go which would mean chasing the OPS. The letter added that dealing with defined benefit transfers was a very slow process and it could take up to around three months to gather all the information required and provide a full recommendation. The section headed 'How much time do we need to provide you with full advice' in the welcome pack enclosed with the letter repeated that. And added, given the complexity and volume of the work required, it was difficult to provide Full Advice and secure the original transfer value within the three month guarantee date. I think Grove did try to manage Mr A's expectations that things would likely take some time.

As to the time actually taken, Grove started work on Mr A's case on 16 November 2021. Grove's suitability letter wasn't produced until 20 April 2021. That's over five months later. I agree that defined benefit transfers are complex. There's a considerable amount of

information that needs to be obtained and detailed calculations have to be undertaken. It's also the case that sometimes information needs to be updated during the process. But, as I've said, I'd expect Grove to be able to show that it dealt with things reasonably promptly.

We asked Grove to provide further information as to how the advice process in Mr A's case progressed. So that we could consider the time taken overall we asked for a detailed timeline for both periods – up to 25 February 2022 (when Grove's recommendation that Mr A should transfer was made – and from then up until 20 April 2022 when Grove's formal suitability report was issued.

Looking first at the time taken from 16 November 2021, when Grove said it would begin work on Mr A's case, until 25 February 2022, I don't think there's anything that indicates Grove could've dealt with things any quicker. As Grove points out, it took seven weeks (from 18 November 2021 until 27 January 2022) for the OPS to provide an immediate retirement quotation. Grove seems to have chased things up regularly, on a fortnightly or more frequently basis.

I note that a fact find call from Grove had to be rearranged – from 22 December 2021 to 4 January 2022. But I don't think that was unreasonable given the holiday period and, as Grove points out, information from the OPS was still awaited. Once that was to hand the Abridged Advice report was completed quickly – it was sent to Mr A on 7 January 2022 and a call arranged with him on 14 January 2022. He returned his instruction to proceed to Full Advice on 19 January 2022.

After that it took until 25 February 2022 for Grove to make its recommendation. I think Grove was in a position to make its recommendation call on 15 February 2022. Grove made efforts to contact Mr A to book that call but Mr A wasn't available and the earliest the call could be booked was for 25 February 2022.

From what I've seen I don't think there's any evidence of any unreasonable delay on Grove's part up until 25 February 2022.

I think Mr A's concerns centre on the period from then until 20 April 2022 when the suitability report was issued. Grove has acknowledged that it did take longer to issue a suitability report than anticipated due to compliance feedback and rework. As I've said above, we asked Grove for further details as to exactly what that had entailed. Grove responded, but the information Grove provided wasn't as detailed or as specific as what was supplied in respect of the previous period. Grove referred to the high regulatory requirements and scrutiny which defined benefit transfers attract and the need for compliance requirements to be fully addressed.

I don't dispute that but Grove didn't provide details as to exactly what was required in order for those requirements to be met – such as what, if any, further information was needed and from what parties and how long that took to be obtained, what further analysis was required and why and how long that took, and exactly what further steps Grove's compliance department wanted. In the absence of that sort of information as to exactly what issues arose and how these had to be addressed, I can't be satisfied that all the further work was required and, if it was, if it was undertaken within a reasonable time frame.

Further, on the one hand, while Grove said Mr A's advice was considered on a standalone basis, Grove has also said there was an 'intrinsic link' between Mr A's transfer and his wife's. I think Grove is saying that issues arising with Mrs A's transfer may have impacted on Mr A's case. But I don't really see why that should've been the case.

It seems Mr A was updated fairly regularly but that may have been because he was chasing

progress. And it doesn't negate that based on what I've seen, Grove took too long to process Mr A's case between 25 February 2022 and 20 April 2022. It took two months to issue the suitability report which, according to Mr A, was promised a week or so after the call on 25 February 2022. Although I can accept that some issues might've arisen, in the absence of further details as to exactly what those were and how they needed to be addressed, almost two months was too long. I'd have thought, at most, a month would've been adequate.

Grove has said that any delay made no difference as the transfer value was always going to have to be recalculated anyway. I can see that argument but Mr A has suggested that an earlier transfer value would've been higher. He's suggested that a transfer value of about £320,000 would've been available in December 2021. But I don't know what that's based on. Mr A had obtained a transfer value in April 2021 of £291,279.70. The transfer value which he accepted was issued about a year or so later and was lower – £275,883.43. So it would appear the trend was downwards.

I note that at about the same time Mr A's wife's transfer value (from the same OPS) had increased. Mr A's expectation may have been that his transfer value would also increase. But that doesn't mean his Mr A's transfer value would've done too. It isn't possible to predict what will happen with transfer values. Or what the transfer value would've been on any particular day. Further, as I've said, I don't think there was any delay on Grove's part up until 25 February 2022. So I can't say that Mr A should've been able to take advantage of a transfer value that might have been on offer in December 2021. I think, at best, things might've have advanced a month or so earlier than was actually the case. I don't think there's any reason to suggest that the transfer value which might then have been offered would've been significantly different to the transfer value Mr A actually accepted.

Although I'm unable to say that Mr A suffered any financial loss, I think he did suffer some distress and inconvenience because Grove took longer to deal with things than it should've done. I think a payment of £300 would be fair and reasonable.'

Grove accepted my provisional decision.

Mr A didn't and made a number of comments. He said the estimated transfer value of £320,000 was based on the fact that his wife's transfer value increased by over 10%. He said the pensions were identical and in the same OPS so there was no reason to doubt that his transfer value would've increased similarly.

Some of his other comments related to his wife's planned transfer of benefits in the same OPS and which hadn't gone ahead. Mr A said the point of them both transferring was the flexibility it would've given them as a couple to draw the income they required and still have substantial cash available at age 70 as shown on the spreadsheet Mr A had provided.

Mr A suggested a realistic figure for loss would be £45,000 between the two funds (that is the transfer value of about £292,000 paid in respect of Mr A's OPS benefits and the transfer value of circa £88,000 issued for his wife on 13 December 2021 (which she was unable to accept before it expired).

Mr A maintained Grove should've acted with more urgency. Instead Mr A had to do all the chasing, including suggesting that Grove use the phone rather than just rely on email. Mr A would email each Monday for an update to be told that Grove was due to chase that week.

Mr A said compensation amounts should be higher to reflect the inconvenience, not just for now but also for the future as the flexible plan is now unavailable. He and his wife's transfers were linked. A positive recommendation was given to Mr A based on the spreadsheet he'd prepared setting out details of his and Mrs A's financial position and a clear plan showing

where the income was going to be coming from up to age 70. The adviser said he'd try to do Mrs A's Full Advice call the following week because the same decision would be made as it was a joint venture which the adviser understood. But the call was made by a different adviser who wasn't prepared to look at the spreadsheet Mr A had prepared, even though the whole plan relied on both funds being transferred and leaving Mrs A as an active member of the OPS in respect of her current period of service.

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.

Although I understand Mr A's point about his and his wife's transfers being linked and their plans having been upset by Mrs A's transfer not proceeding, I'm only looking here at Mr A's complaint. His wife has also complained and that complaint has been dealt with separately.

I've considered Mr A's comments but my views remain as explained in my provisional decision. I've set out those findings in full above and they form part of this decision.

Essentially Mr A's position is that, had a new transfer value been obtained (Grove was working on a transfer value Mr A had obtained in April 2021, over six months before Mr A asked Grove for advice) in around December 2021 it would've been higher.

I understand why Mr A considers that would've been the case. But, as he accepts, there's no real evidence to support that. His wife's transfer value increased which might suggest Mr A's would've done the same. But, although Mr A has said the pensions are identical, that's unlikely to be the case. I'd assume Mr A and his wife have different periods of service and years' membership and different salaries. Transfer value calculations are complex and sensitive and based on a number of factors including age, scheme retirement age, salary at the date of leaving and whether the member is married or single.

Assumptions are also used such as life expectancy (a higher life expectancy will increase the transfer value) and cost of living – if inflation is expected to rise then transfer values are likely to increase too. But rising interest rates or yields will lower the transfer value. And relatively small changes or differences can sometimes cause fairly significant fluctuations in value. So I can't say it's necessarily the case that Mr A's transfer value would've increased even if his wife's did.

But, in any event, I don't think any comparison between the actual transfer value paid and what the transfer value might have been in December 2021 is relevant. I've said that Grove took too long to process Mr A's case between 25 February and 20 April 2022. I don't think there was any delay up to 25 February 2022. So I can't say that a new transfer value ought to have been requested in December 2021 and before Grove was able to say, having given Abridged Advice, that Full Advice was required.

I explained in my provisional decision why I didn't think Grove's delay – which I thought was probably about a month or so – meant that Mr A had suffered a financial loss although I did think he'd suffered distress and inconvenience because Grove took longer to deal with things than it should've done. That remains my view and I maintain that £300 is fair and reasonable for the distress and inconvenience (including any chasing that Mr A had to do in an effort to move things forward) that Mr A suffered in consequence of delay on Grove's part.

My final decision

I uphold the complaint in part. Grove Pension Solutions Limited must pay Mr A £300 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 September 2023.

Lesley Stead
Ombudsman