

## **The complaint**

Mr D complains that Vanguard Asset Management, Ltd (Vanguard) delayed the partial transfer of his pension plan to buy an annuity resulting in him securing a less favourable annuity rate. He wants compensation for his losses, the distress and inconvenience caused and for the delay in it dealing with his complaint.

## **What happened**

Mr D wanted to purchase an annuity with £90,000 of his Vanguard pension. He was using a financial adviser, who I'll call RL, to assist with this. Mr D told Vanguard he was considering this in October 2022. RL provided an annuity illustration from Scottish Widows dated 18 October 2022. The annuity rate offered was subject to funds being received by Scottish Widows by 16 November 2022.

On 27 October 2022 RL wrote to Vanguard enclosing an authority letter signed by Mr D and asked some questions about his plan. Vanguard then received a transfer request from Scottish Widows via the Origo transfer system on 8 November 2022. However necessary information was missing, and Vanguard requested that Mr D's postcode be added on 9 November. Vanguard emailed RL on 10 November 2022 noting that it had received a Origo transfer request with incomplete details which it asked to be confirmed. These were provided on 22 November 2022. In the meantime, Scottish Widows sent a new request on 10 November 2022 with the post code added. But Vanguard said that Mr D's account number was incorrect – as it had been on the first Origo request. It asked that this be corrected on 11 November 2022.

Mr D says Scottish Widows agreed to hold the annuity rate until 2 December 2022. And a third Origo request was made by Scottish Widows and received by Vanguard on 24 November 2022. But again, the post code was missing, and the account number was incorrect. Vanguard requested the post code the same day but didn't request the account number be confirmed until 1 December 2022, when Scottish Widows provided the postcode. Scottish Widows updated the account number, and a new transfer request was made on 5 December and Vanguard completed the payment on 14 December 2022.

During this period Mr D says he was in frequent contact with Vanguard to chase progress as the various annuity rate deadlines approached. He says Vanguard didn't tell him it was unlikely that the deadlines would be met due to its procedures. He complained about the delays and problems using Vanguards secure messaging and phone systems, which he said were difficult to use and prone to problems. He said if Vanguard had told him that it was unlikely to be able to process the transfer in good time, he would have tried to use a different pension plan to secure the annuity. He said the delays had meant he missed out on the annuity rate and the income he would receive for the rest of his life was £581.40 per annum less as a result.

Vanguard looked into his complaint and upheld it. But it said it was only responsible for a few days delay and wasn't responsible for delays caused by third parties. It said the delays it had caused weren't to blame for the annuity rate not being secured. It paid Mr D £100 as

compensation for the delays it had caused. And said it would refer his comments about the messaging system and phone lines to the relevant departments.

Mr D referred his complaint to our service and our investigator looked into it, and she decided to uphold it.

Our investigator said she thought Mr D was owed further compensation, but that Vanguard wasn't responsible for the main delays that lost the annuity rate. She said it had already accepted it caused some delay in not responding to RL quickly enough and taking one day longer to send the funds than normal once the correct Origo request was received. But she said Vanguard had also caused a few days further delay by not requesting all outstanding details at the same time. But it had requested the correct information by 11 November 2022. And this wasn't all provided until the Origo request received on 6 December 2022, which was already too late to secure the extended annuity rate.

She said Vanguard had received multiple incorrect or incomplete Origo requests. And even if it had advised all errors at the same time the earliest a correct request would have been received was 2 December 2022. Still too late to secure the annuity rate. She said whilst Vanguard hadn't said it wouldn't be able to meet the deadline, it also hadn't guaranteed that it could. But she said it was fair that Vanguard pay Mr D a further £100 compensation for the distress and inconvenience caused. But she couldn't consider how Vanguard had dealt with Mr D's complaint as this wasn't a regulated activity.

Mr D disagreed. He said Vanguard had failed to provide "*essential information*" about its processes and likely timeframes to complete them. He said when he spoke to it on 7 November about 16 November 2022 deadline. It should have told him that as it hadn't yet received an Origo request, that deadline couldn't be met as it required five working days to make a payment. And it would have known that transfer requests frequently contain errors that might cause delays. If it had provided this information Mr D said he would have reassessed the situation and either used other pension plans to secure the annuity, asked his broker to obtain new annuity quotes whilst "*rates were still high*" or used "*other means*" to speed up the process.

As Mr D doesn't agree it has come to me to decide.

### **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 am upholding the complaint, but I don't think Vanguard is responsible for the financial losses Mr D says he has suffered.

I understand Mr D's frustration about what has happened, and he does seem to have had a poor outcome here through no fault of his own. However, this complaint is about Vanguard and based on the evidence I have seen I don't think it is responsible for the delays that caused the annuity rate to be missed. And Mr D may want to consider the actions of the other third parties involved in resolving the issue.

In terms of Mr D's further point about how long Vanguard took to consider his complaint. I understand his frustration at the further delay. But this isn't something I can consider as complaint handling isn't a regulated activity. That means it doesn't fall within the jurisdiction of our service. Likewise, our service doesn't regulate businesses. That means I can't tell Vanguard how to operate communication systems or to change or improve them. But I can award compensation if problems result in unfair outcomes.

It is the responsibility of the receiving arrangement to initiate transfer requests on the Origo system. This system basically exchanges information electronically to cut down on paperwork and postal delays. However, like all electronic systems it relies on the accurate inputting of all necessary data. So, the onus is on the receiving arrangement requesting the transfer to get the details right. That didn't happen here, and I disagree with Mr D's comment that transfer requests "*frequently contain errors*". That shouldn't be the case and whilst Vanguard might have saved a few days by pointing out all errors at the same time, that doesn't explain why the same errors kept being repeated.

I haven't seen evidence from RL or Scottish Widows or seen details of the services to be provided to Mr D by them. Particularly by RL, who I note were paid a commission of £1,444.00 by Scottish Widows. But I can see from Vanguard's file that it emailed RL asking it to provide missing details on 10 November. But RL only replied on 22 November 2022, after receiving a reminder.

The information outstanding was very basic. Being Mr D's date of birth, his address including postcode and his national insurance number. When it did reply, RL said it was "*extremely keen to get his (Mr D's) funds transferred*". However, that isn't apparent from the length of time it took to respond to the queries raised. And despite this when the next Origo request was submitted on 24 November 2022, this repeated the same errors made previously. That was hardly Vanguard's fault.

Even if Vanguard had requested both corrections the same day instead of just one, it still took Scottish Widows five working days to submit a new Origo request. Giving no time for Vanguard to process this and release a payment before the expiry of the annuity illustration on 2 December 2022.

As noted, I haven't seen evidence from RL or Scottish Widows, but from the minimal contact recorded in Vanguard's files, both seem to have been remarkably passive in the circumstances. And I think it's reasonable to say that generally it would be their responsibility to proactively move the transfer along rather than leaving Mr D to chase up Vanguard. And, usually, it is the role of a financial adviser to manage the process, monitor annuity rates, deal with problems, and shepherd the pension providers involved towards the client's desired outcome.

So, I don't think it is fair to hold Vanguard responsible for Mr D's financial losses here. It was dependent on Origo requests and responses to queries being provided in good time for any deadline to be met. Perhaps it could have chased third parties to correct their own errors more aggressively than it did. But it isn't reasonable to apportion blame for most of the delays on Vanguard when they appear to have been primarily caused by others.

However, I do think Vanguard added to the frustration and inconvenience Mr D suffered, by causing some further delay to the process through not requesting all missing or incorrect information be updated at the same time. And Mr D did have some problems in contacting Vanguard when he needed to. And I think it's fair that he be paid additional compensation in respect of this.

### **Putting things right**

Mr D has been inconvenienced by Vanguard's delays and problems contacting it. So, I think it's fair that Vanguard pay Mr D another £100 in compensation to give £200 in total for the distress and inconvenience he's been caused.

**My final decision**

My final decision is that I uphold the complaint against Vanguard Asset Management, Ltd.

I direct Vanguard Asset Management, Ltd to pay Mr D a further £100 in compensation for the distress and inconvenience he has suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 17 November 2023.

Nigel Bracken  
**Ombudsman**