

## **The complaint**

Mr R complains about the service he received when, following a pension switch, Interactive Investor Services Limited (“II”) received a payment from his ceding scheme. He says II’s actions delayed the payment being applied to his Self-Invested Pension Plan (SIPP), so he’d like compensation for the financial loss and distress and inconvenience he considers he’s suffered as a result.

## **What happened**

Mr R held a SIPP with a provider I’ll refer to as “Provider J”. In 2023 he decided to transfer the proceeds of his Provider J SIPP to a SIPP he held with II.

On 11 April 2023, Provider J sent II a cash payment of around £860,000, representing the proceeds of Mr R’s SIPP. And, a day later, it issued a payment confirmation to II, setting out the specific amount that had been transferred for Mr R, and the reference it had used.

II later received a payment from Provider J, which I’ll refer to as the “unidentified payment”. The reference attached to it didn’t match the one Provider J had given in its confirmation email to II in respect of Mr R’s transferred funds. And the amount received was £25,000 higher than what II had been advised to expect for Mr R. Because of this, II was unaware that part of the unidentified payment it had been sent was meant for Mr R’s SIPP.

As II couldn’t reconcile Provider J’s unidentified payment with any of its clients’ accounts, its payments team raised an internal enquiry with its transfers team on 12 April 2023.

II provided Mr R with an update on his transfer on 13 April 2023, advising that as transfer payments were usually sent by BACS, they could take between 3-5 working days to appear in a SIPP.

On 17 April 2023, having picked up II’s payments teams’ enquiry, II’s transfers team contacted Provider J querying the unidentified payment it had received. On the same day, Mr R contacted II to check whether it had received his SIPP funds from Provider J. II advised that it hadn’t.

Provider J responded to II’s query on 18 April 2023, explaining that it had processed two transfer payments for two separate clients – one of which was Mr – to be sent to II on 11 April 2023, totalling around £880,000. As the funds were going to the same place, Provider J’s system had automatically combined them. Provider J set out who the payment was for, the applicable amounts, and the relevant references. And it asked II to confirm it had received the funds and applied them to the appropriate clients’ accounts.

Based on Provider J’s explanation II was able allocate Mr R’s transferred funds to his SIPP the following day.

Mr R later raised concerns with II about the service he’d received and, on 23 June 2023, II responded. In summary, it said:

- Provider J didn't use the reference it said it had used to send Mr R's funds. And it didn't send the amount it said it would. So, it couldn't allocate Mr R's funds as soon as they were received.
- Once Provider J clarified what had gone wrong, it had applied Mr R's funds to his SIPP as soon as it could – on 19 April 2023.
- It understood Mr R's frustration with what happened; however, it disagreed that it was at fault for what went wrong. However, it recognised the inconvenience caused by Mr R having to chase it and its initial response to his query about where his funds were. And for this it credited Mr R's trading account with £50.

Mr R responded, saying, in short, that:

- It should've been more proactive and questioned Provider J about the unidentified payment earlier than it did.
- It's compensation offer was derisory given the impact of what happened, and time spent trying to resolve matters.
- He was prepared to accept £600 compensation.

It reconsidered its position and increased its compensation to £100.

Unhappy with It's response, Mr R referred his complaint to our Service. One of our investigators considered the matter and, in summary, said:

- It's service standard for applying funds sent by a third party to a customer's SIPP was 1-2 working days from receipt. However, as the correct payment amount and reference weren't provided by Provider J, It was unable to meet this timescale.
- The delay in Mr R's funds being applied to his SIPP was outside of It's control. But It had taken action to identify the intended destination for Provider J's payment and done so within a reasonable timeframe.
- Although It, through no fault of its own, hadn't known that it had received Mr R's funds when it was contacted by him querying the matter, it was understandable that being told his funds hadn't been received caused Mr R concern. So, she considered the £100 compensation It paid in respect of this to be fair.

Mr R disagreed. In summary, he said £100 compensation didn't reflect time he spent communicating with Provider J and It to work out what was going on. And it wasn't commensurate with the level of distress and inconvenience caused by such a significant amount of money appearing to have gone missing. He added that he'd repeatedly expressed his concern and frustration about his missing funds to It and this should've prompted it to act earlier than it did.

As no agreement could be reached, the matter was passed to me for a 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'm not upholding it. I'll explain why. But before I do, I should emphasise that while I've taken note of the arguments made by both parties in this complaint, I've limited my response to the issues I consider to be central to this complaint. That's to say:

- What information It required from Provider J to reconcile Mr R's funds with his SIPP as quickly as possible, and whether this was provided when it should've been.

- Whether II's acts or omissions resulted in Mr R's funds being applied to his SIPP later than they should've been.

I should first be clear that although Provider J was clearly involved in the transfer process, my findings are based on II's acts or omissions alone as it's the party Mr R has complained about. Although I'm unable to make a finding on Provider J's actions, this doesn't mean I've ignored the impact of any delays it may have caused, or that I've held II responsible for these.

Turning now to the information II required from Provider J to reconcile Mr R's funds with his SIPP. As is common practice, after making the payment, Provider J sent II a confirmation email setting out the exact amount transferred for Mr R, the date the payment had been made, and the unique reference it had used to make it. II has confirmed that having this information and it corresponding with the details provided with the payment was all that it required from Provider J to ensure it was able to match Mr R's funds with his SIPP and apply them without delay. I haven't seen anything which persuades me that the fact this didn't happen is because of any act or omission by II. In my view, Provider J had the significant and overriding responsibility to take steps to ensure II was provided with the correct amount of funds and right reference.

I've looked at the record of the payment II received from Provider J and note that as well as well as the payment amount being incorrect, Provider J failed to quote the reference it told II it had used to send Mr R's funds. It's therefore clear to me that any delay which occurred with Mr R's funds being applied to his SIPP stemmed from Provider J's actions, not II's.

II has confirmed that under normal circumstances, where the correct reference is provided with the right amount of incoming funds, a payment will be applied to a SIPP within 1-2 working days of it being received. So, if everything happened as it should've, Provider J's payment for Mr R would've been received by II on 11 April 2023 and applied to Mr R's SIPP by 12 or 13 April 2023, at the latest. In Mr R's case, the funds weren't applied until 19 April 2023, meaning it took 4-5 more working days for the payment to be matched to Mr R's SIPP when it should've only taken 1-2.

I've considered whether upon receiving the unidentified payment from Provider J, II took appropriate action to try to reconcile it with the right clients and their SIPPs. Having done so, I'm satisfied that it did. Having received a payment from Provider J late afternoon on 11 April 2023 for an amount it wasn't expecting, with a reference that didn't match any of its clients' SIPPs, I don't think it was unreasonable that II waited until the following working day to raise an internal query about the payment. The query was escalated to II's transfers team which contacted Provider J three working days later, on 17 April 2023. I understand that Mr R feels II's transfers team should've acted sooner – a day or two earlier – given the concerns he'd already raised about the payment, however, I can't fairly conclude that the three working days it took was excessive.

Ultimately, the transferred funds should've been reconciled with Mr B's SIPP by 12 or 13 April 2023. The fact that this didn't happen was down to Provider J not meeting its obligations as the ceding scheme. If it had and II received the information it required, there wouldn't have been any need for II to carry out any further investigation into the payment that had been made. Given the circumstances, I'm satisfied that II took reasonable steps within an appropriate timescale to try to address the issue.

It's very disappointing that Mr R's funds weren't applied to his SIPP as early as they should've been. I have real sympathy for Mr R and can imagine the level of the frustration and anxiety this will have caused him, especially given the significance of the funds involved.

As I understand it, they represented the bulk of Mr R's retirement provision. So, the funds appearing to have gone missing, even for a matter of days, would've been very distressing.

However, while II was clearly an involved party in the matter, I haven't found anything which leads me to conclude that its actions fell short of what I'd expect in these circumstances such that I'd conclude it was responsible for the delay in Mr R's funds being applied to his SIPP and any financial loss he may have sustained as a result. Furthermore, I understand from Mr R's submissions that Provider J has reimbursed him for "*lost interest*" during the week of his SIPP transfer.

In addition to financial loss, I've also considered the impact of the service Mr R received from II while he waited for his funds to be reconciled with his SIPP. I appreciate that when II first told Mr R that it hadn't received his SIPP funds this would've caused alarm, making Mr R think his funds had possibly gone missing. But as far as II was aware, this was true – there weren't any funds in its account which could be matched to what it was expecting for Mr R's SIPP. So, it wasn't unreasonable that II passed this information onto Mr R.

Notwithstanding this, I'm pleased to see that II has recognised the concern it unwittingly caused with the information it shared, as well as the inconvenience of the efforts Mr R had to make to get matters resolved. I understand Mr R feels strongly that the £100 II has paid in respect of this doesn't reflect the significance of what he experienced and the size of his funds. However, when considering an award for distress and inconvenience here, I must have regard for whether the overall impact of what happened stemmed from a mistake II made. As I don't consider that II made the error which resulted in the adverse consequences Mr R has outlined, I won't be directing II to pay further compensation.

While I haven't found in Mr R's favour, in that I don't think II should pay him the compensation he's seeking, I should say that I do think it's entirely reasonable for him to have expected his transfer to have been completed without incident. And it's unfortunate that this didn't happen on this occasion. Mr R has my sympathy.

### **My final decision**

My final decision is that I don't uphold this complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 March 2024.

Chillel Bailey  
**Ombudsman**