

## **The complaint**

Mr W complains iPensions Group Limited caused unnecessary delays to the withdrawal of his pension funds and as such caused him financial loss.

## **What happened**

Mr W lives overseas and held a self-invested personal pension (SIPP) with iPensions, from which he has been drawing down payments over a number of years. Within the SIPP he held a bond via an investment provider. The bond was started in 2017. Mr W's quarterly statement from his investment provider showed that by the end of March 2023 it had a market value of just under £53,300. The surrender value of the bond once all charges were applied was given as just over £27,400. The investment provider noted that since inception just over £563,000 had been paid in and just over £446,000 had been withdrawn. The quarterly statement for the end of June 2023 showed the bond had a current market value of just under £51,400 and the surrender value once all charges were taken would be £25,527.

On 6 April 2023 (the day before the Easter bank holidays in the UK) Mr W requested a withdrawal of his pension benefits from iPensions. This was sent to be processed on 19 April 2023, seven working days later, given the bank holidays.

On 21 April 2023 pension guidance information was issued to Mr W by iPensions. This correspondence noted that if Mr W did not want further guidance, then a separate form (the Pension Guidance Opt-out declaration) would need to be completed. iPensions also emailed Mr W's financial advisers at this time about some compliance requirements.

On 26 April 2023, iPensions emailed Mr W to see if he wanted the form to opt-out of an advised transaction. The same day the relevant declaration was issued to Mr W. This was completed and returned to iPensions by Mr W on 27 April 2023.

iPensions requested the surrender value from the investment provider also on 27 April 2023, which they received on 28 April 2023.

This surrender value set out that the investment provider's charges and costs at surrender would be approximately £26,471 and the approximate surrender value would be £26,575.

On 3 May 2023, two working days later (due to a further bank holiday), iPensions sent this information to Mr W and asked him to confirm if he wanted to proceed. Mr W confirmed he accepted the surrender value and charges and wished to proceed. These instructions were reviewed by iPensions and escalated as having been identified as a high-risk instruction.

On 9 May 2023, Mr W's advisers told iPensions they were helping Mr W but not advising him.

I understand that Mr W requested an update from iPensions on 8 and 11 May 2023. On 11 May 2023, iPensions let Mr W know they were completing internal checks.

On Friday 19 May 2023 Mr W requested an update. On 25 May 2023 iPensions contacted Mr W to ask him for the reasons for the requested withdrawal and they explained this query arose in particular because of the high surrender charges to be applied. Mr W replied the same day with his reasons.

On 31 May 2023, Mr W contacted iPensions for an update. On 1 June 2023, iPensions asked Mr W if he had spoken to his financial adviser about the withdrawal and Mr W told iPensions on the same day that he did not need to contact his adviser.

On 6 June 2023 Mr W asked iPensions for an update. They replied the same day telling Mr W they needed him to complete an indemnity form in order to proceed. This was provided and returned the next day by Mr W, when he also let iPensions know the investment provider's shares had been sold.

On 8 June 2023 iPensions completed the documents they needed to and went on to send the full surrender instruction to the investment provider on the next day for processing. This instructed them to close the account and transfer the cash funds into the SIPP bank account.

The investment provider confirmed receipt of the surrender request on 13 June. They confirmed no deals would need to be placed, but that they needed to complete a review and had territorial due diligence checks to complete which might cause them to ask for further information or documents.

On 13 June 2023, Mr W requested an update from iPensions and was told they were waiting for the funds from the investment provider. It's understood Mr W went on to request further updates on 19 and 29 June and 4 and 11 July 2023.

During this time, on 22 June 2023, iPensions asked Mr W to provide employment details, as these had been requested by the investment provider. Mr W provided these the next day.

It was on 12 July 2023 that iPensions received the funds from the investment provider, and this was confirmed to Mr P on the same day. Mr W queried the figures and charges in reply. He asked iPensions to find out why the investment provider had paid less than the sum provided in the email of 28 April 2023. He also asked about iPensions' final fees.

iPensions let Mr W know they would contact the investment provider in respect of his query and also let him know their fee had been included in the indemnity form and what it was.

On 14 July 2023, iPensions contacted Mr W as they said they were ready to make the payment but needed to complete a security call with Mr W. He confirmed his phone number, but as the number differed to the one held on file by iPensions for Mr W, they told Mr W they needed him to complete a change of details form to update their systems. This form was sent to Mr W on 17 July 2023, and he returned it the same day. On 17 July 2023 the sum of just over £24,700 was sent to Mr W.

Mr W complained the withdrawal had been wrongly delayed by iPensions and this had caused him loss. He said iPensions needed to redress this.

His original complaint was that it had taken iPensions three months to surrender his SIPP. Mr W has clarified this over time and told us he doesn't think the investment provider had taken too long, but he thinks iPensions due diligence took too long, in taking just over two months.

iPensions didn't accept the complaint. They said they had done what they were required to do, and their procedures were implemented to protect customers, such as Mr W. Mr W didn't agree and referred his complaint to this service.

#### Investigator's view

An Investigator at this service thought Mr W's complaint ought to be upheld in part. She didn't think iPensions had caused any unreasonable delay, but she concluded they had not completely provided the service they ought to have done, in particular in respect of communications. She thought iPensions ought to pay Mr W £100 compensation for this.

In reaching this conclusion she didn't think it was unreasonable for iPensions to have taken longer than ten working days to complete internal checks, given the nature of the checks involved.

She also noted that iPensions had sent the full surrender request to the investment provider to be processed on 9 June 2023 and the funds had not been received from them until 12 July 2023 (23 working days later) and iPensions would not have been able to control how long the transfer took. She didn't think it was unreasonable for the payment to then be issued within three working days.

Whilst the Investigator understood why Mr W would have felt frustrated, this did not mean iPensions had been wrong in following their usual reasonable procedures, or that they could be considered responsible for any unreasonable delay or any loss Mr W feels he has experienced.

#### Response by Mr W to view

Mr W said his complaint wasn't about the period of time after iPensions sent the surrender request to the investment provider on 9 June 2023, and the time taken by investment provider, as by that stage the value of his benefits was frozen, and he does not consider he experienced any loss. Albeit he has also stressed that he says he told iPensions the investment provider was applying a daily charge of £16 a day until the final surrender. He thinks this means iPensions ought to have prioritised his request.

He says that it took iPensions too long to request and confirm the surrender with the investment provider, having received the initial value dated 28 April 2023 of just over £26,575. Mr W says there was a loss of £1,287, given what he received on 7 July 2023 as the full surrender value. Mr W didn't think it reasonable iPensions took up to two months to complete their checks before applying for the final settlement. He thought one month would have been reasonable. In that scenario he thought he would have only incurred a reduction of £480 on the final sum.

So Mr W wanted the Investigator to reconsider her view. But he did agree iPensions ought to have provided a better service too and he considered £100 was fair for that part.

#### Investigator's further thinking

The Investigator did not change her thinking. She didn't think iPensions acted unreasonably when it came to the time taken to process and submit the instruction to the investment provider. Nor did she think it would be reasonable to expect iPensions could have sent their full requirements to Mr W in one request, due to the various factors that they had needed to consider and respond to.

She asked Mr W to let us know whether he had notified iPensions of his move to a different overseas country and his new phone number prior to his withdrawal request. She also asked which account had previously received Mr W's drawdown payments, as iPensions had referred to Mr W's withdrawal request requiring additional scrutiny as it was to involve the first payment being made into this bank account from Mr W's SIPP.

#### Further information from Mr W

Mr W provided us with a letter from iPensions from September 2022 confirming his change of address and contact details, albeit this only shows Mr W's new address. Mr W says he doesn't know why his phone number had not been updated. But he doesn't think the need to update his contact details and make the security call caused delay as iPensions had processed his response on the same day they had made the request and he received the call the next day.

Mr W thinks iPensions had time to check the details of his new bank account as it had been provided to iPensions on 6 April 2023 when he asked to take benefits. He accepts he had previously been receiving drawdown payments into a different account.

#### Further information from iPensions

iPensions let us know their administrative internal procedures for overseas tax residents usually involve four weeks for a full surrender of a pension held in cash and generally up to six weeks where the SIPP holds assets.

They stress these are only general timescales and apply to more straightforward cases where the funds are readily available, and they already hold the requisite information to proceed with the request. They also note that a full surrender, as here, will always be subject to timescales and procedures imposed by a third-party investment provider.

When it came to Mr W's request, iPensions say there were a number of areas that their compliance team had to review, and that they always reserve the right to request additional information or to complete additional due diligence if a request is not straightforward. They say this was the case here and there were fair reasons for them to have a number of concerns, which required additional consideration, checks and scrutiny, and there were matters here that will always flag particular concern.

iPensions continue to stress these concerns included:

- Mr W's SIPP was advice led and Mr W had previously used an adviser but here chose not to take advice.
- He needed to sign opt-out form as he was not choosing or using pension guidance.
- He was choosing to withdraw when a significant portion of the funds would be lost as a surrender charge.
- This was a cross border drawing of pension benefits, and it was important therefore for him to sign the indemnity waiver.
- He had and was changing contact details from one overseas territory to another (and this is a flag when there is a benefit request, particularly given the status of one territory here).
- The request was for payment to be made into a new bank account not previously held or used by them for Mr W.

iPensions accept their administration team could sometimes have been clearer in their explanations to Mr W, but equally stress they had to act with care and caution when communicating with Mr W, because they had not completed all verifications and satisfied their concerns. They stress their procedures are in place not only to enable iPensions to discharge their obligations, but also to protect customers.

iPensions don't think it is fair to ask them to recompense Mr W for daily charges applied by the investment provider. In any event their understanding is that the fees would have been payable regardless as if there had been an earlier redemption, there would have been a higher establishment penalty applied by the investment provider.

### **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 am upholding Mr W's complaint in part and iPensions must pay Mr W the sum of £100.

Mr W has let us know he is only really unhappy about what took place before 9 June 2023. It was on 9 June 2023 iPensions submitted the full surrender form and member declaration to the investment provider and on 12 July 2023 iPensions received the funds from the investment provider. Mr W isn't unhappy that it took this long for the investment provider to complete its procedures and he isn't unhappy with what iPensions needed to do in July 2023 to update his contact details and make the payment thereafter.

Ultimately iPensions might have been able to complete their internal checks and what needed to be done sooner than 9 June 2023, but that doesn't mean they ought to have done so or that I think they acted unreasonably in taking as long as they did.

I don't think it was unreasonable, given the facts and circumstances pertaining to Mr W's request, for it to have taken iPensions nearly two months to be in the position to send the investment provider the final instruction and confirmation. It was longer than might sometimes be needed and I have no doubt Mr W had hoped the process would have proceeded more quickly. I accept there were a number of times when he contacted them seeking an update. That doesn't mean they were required to have completed their checks sooner or that I think they ought to have been updating Mr W more regularly.

There were a number of factors that I accept caused iPensions to identify the request as one requiring greater scrutiny and a number of areas where additional information or checks were needed. When it came to their thinking and the way they processed Mr W's request, I don't think iPensions did anything wrong. Nor have I seen anything that makes me think they did anything outside of the agreed terms of the service provided, nor that their approach was unreasonable.

Whilst iPensions made different requests on various dates, I don't consider it would have been reasonable or usual for them to have known at the outset that this would be the case, or to have been in a position to have explained everything that would be needed. Nor would I have expected iPensions to have been able to provide anything but a general and approximate timetable on how long requests such as Mr W's might take to complete. This is because there are likely to be a number of checks and procedures to be completed, some of which might only be indicated or required once the process following Mr W's request was underway.

I don't uphold Mr W's complaint that iPensions unreasonably delayed the withdrawal of his pension funds, because I am satisfied the checks undertaken here were required. The reasons why such checks and procedures are required is not just for regulatory purposes, but to protect customers, and indeed are the reasons why there is guidance and requirements on such matters. Here the information and facts around Mr W's request, taken individually and cumulatively, reasonably caused iPensions to complete further checks and meant it took longer for Mr W to receive his funds than it might otherwise have done. There is no exact science around how long a request such as Mr W's might take, but I don't think nearly two months was unreasonable here (particularly taking into account the UK Bank holidays).

I've seen what Mr W says about thinking iPensions ought to have prioritised his request given the potential for loss (including in the value of benefits invested) and due to ongoing charges being applied. But I don't agree. Mr W's position was not unusual and is one experienced by many customers when it comes to closing a SIPP and withdrawing benefits.

In any event, I don't accept the value Mr W says his withdrawal ought to have been. Firstly he is relying on an approximate value provided in April 2023, when it is unreasonable to have ever expected the instruction request to have been completed at that time as (and it was only 14 working days after Mr W's request was first submitted). As I've set out, the sums referred to by the investment provider in April 2023 were not guaranteed, they were approximate and subject to variation.

I am not clear why iPensions contacted Mr W to ask if he had spoken to his adviser on 1 June 2023, given he had already completed the opt out form on 27 April 2023 and his advisers had also told iPensions directly they were not advising on this activity. But I don't think there's enough to suggest this alone was responsible for any meaningful delay or confusion and it might simply be linked to information being provided by his previous advisers. I haven't seen enough to make me think this made any real impact on the progress of Mr W's request (if any at all).

I have reviewed the correspondence and communications iPensions had with Mr W, and have seen they think there were times when they might have been clearer. In general terms I think much of the information provided to Mr W by iPensions was helpful and broadly accurate. I don't think Mr W was given any reassurances at the start of the process that led him to be disappointed. And I don't think it would have been possible or reasonable to expect iPensions to have given an accurate timetable here. Nor am I persuaded that iPensions ought to have been required to send Mr W updates here. There were no significant periods where there was no contact between iPensions and Mr W such as to make me think iPensions ought to have let Mr W know they were working on his request and would be in contact in due course. However in considering whether iPensions ought to have provided better communications overall, I take into account what they say about this and their response to the Investigator and her view. I don't think it is necessary to change what the Investigator previously recommended, nor do I think it's fair or reasonable here to require iPensions to pay any additional amount to Mr W.

I have seen that on 12 July 2023 iPensions reassured Mr W when he asked iPensions to find out why the investment provider had paid less than the sum provided in the email of 28 April 2023 and said they would find out from the provider. It isn't clear to me if iPensions did this, albeit there is nothing to suggest the sum ultimately provided was wrong, nor that any error would be the responsibility of iPensions. As I have noted the investment provider was clear that the sums they provided on final surrender values in April 2023 and charges were only approximate. Based on what I have seen, Mr W came to understand that the sum paid to him had changed in value due to the passage of time and the impact this had on the value of his investment and what was available to him on closure.

### **Putting things right**

Taking everything into account iPensions will need to pay Mr W £100 if this sum has not already been paid to him. This takes into account everything provided and includes areas where there could have been clearer communication (as accepted by iPensions).

### **My final decision**

For the reasons given I am upholding Mr W's complaint in part against iPensions Group Limited. iPensions will need to pay Mr W £100 within 28 days of being informed of his acceptance of my decision if this sum has not already been paid to him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 February 2024.

Louise Wilson  
**Ombudsman**