

The complaint

Mr R complains about delays in relation to the transfer of his pension to Vanguard Asset Management, Ltd (Vanguard).

What happened

Mr R said he requested a transfer to Vanguard on 16 April 2023 and around £69,000 was quickly transferred from his previous provider on around 19 April 2023. But the money was not allocated to his pension account until around 25 June 2023. Vanguard said that was because the transferring provider had not confirmed the amount transferred. Mr R said this was on the transfer form so there should not have been any issue. He said the transferring provider gave confirmation on 16 June but the money still didn't reach his account until 25 June 2023. He had lost investment returns during this time. He also said he missed out on dividends because he wasn't invested on the quarter date. He estimated these to be around £835.

Vanguard said it could not allocate money to Mr R's account until the previous provider updated the Origo transfer systems to show the amount sent. It chased several times. It accepted it caused a delay in applying the money once the value was updated. It said it had 5 business days to apply these to the account but didn't complete it in that timescale. It accepted Mr R had to chase and there had been poor communication. It sent £200 for the trouble and inconvenience caused which included £50 for the time taken to resolve the complaint. It checked to make sure there wasn't a financial loss due to the delay and confirmed the delay had not caused Mr R to miss any dividends.

The investigator said that the previous provider sent the transfer amount on 19 April 2023. Vanguard chased for confirmation of the correct amount on 27 April 2023, 11 May 2023 and 30 May 2023. The transfer system was updated by the previous provider on 15 June 2023 and the money invested on 25 June 2023. He said that the transfer system guide was clear that the payment amount must match the amount sent. He could see Vanguard chased this confirmation several times so it was not responsible for the delays up to 15 June. It said it should have invested the money by 22 June not 26 June. The investigator said Vanguard checked to make sure he had not lost out and he was in fact slightly better off due to the unit prices. He was satisfied he did not miss out on any dividend payments, as he had seen details of the funds and the dividend payment dates with the last one being made on 15 June 2023. So he had not missed out and he didn't think there was any financial loss. He thought the payment of £200 for the delay was fair and in line with what he would have recommended.

Mr R didn't agree. He said Vanguard had his money for over 2 months and felt they had sufficient information to allocate before 15 June 2023. He had confirmed the value to Vanguard when the transfer was requested so it already had that confirmation. He felt he had lost around £800 in dividends alone. He felt that a further £600 should be paid for lost dividends during the 2 months. The investigator didn't change his mind.

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 can understand Mr R's frustration. He knew his pension money had been transferred to Vanguard but it wasn't in his account and available to invest. He felt Vanguard were sitting on his money. He felt that they had confirmation of the value transferred directly from him.

I have considered whether Vanguard has done anything wrong. It accepts that it could have credited Mr R's money to his account on 22 June not 26 June. But Mr R also says that Vanguard should have been able to credit his account much sooner.

I have considered the delay between Vanguard's receipt of the money and the time it was credited to his account.

The Association of British Insurers (ABI) issued a statement of good practice for transferring pensions in 2006. It says that requests for transfers should be completed within 10 *working* days, payment should ideally be made electronically. More recent guidance was set out in a further industry paper in 2016 suggesting a 48-hour standard for completing each step in the transfer. This shorter period was suggested partly because of new technology such as electronic transfer systems that are now available and used in the industry. While these statements do not create legal timescales for transfers, they do provide a sense of the industry's own expectations of the timescale involved.

It seems the initial transfer was undertaken quite quickly, as the request was made on Sunday 16 April and the transfer received on Wednesday 19 April. As the first day was not a working day the transfer request would be treated as received on Monday 17 April and the money must have been sent within 48 hours as it was received on 19 April.

But the transferring provider did not provide the required confirmation of the amount transferred to enable this to be verified before the money was credited to his Vanguard account. In such a situation I would still expect Vanguard to proactively chase the transferring scheme for that information. Based on the evidence presented it does seem that it did this and this meant confirmation was eventually provided.

I have seen the relevant best practice provisions of the electronic transferring system that the transferring scheme used to send Mr R's money to Vanguard. It is clear that it is very important to make sure the correct payment amount is confirmed which must match the amount sent. This enables the receiving scheme, in this case Vanguard, to identify and allocate payments.

Based on this I think it was reasonable for Vanguard to wait for confirmation before crediting his account. I say that as it has a duty to carry out its business in a diligent manner. I think this includes verification checks. I appreciate that Mr R had confirmed how much was transferred but Vanguard needed confirmation from the transferring scheme not just from him.

It wasn't Vanguard's fault that the transferring provider hadn't done all it needed to do to enable the money to be credited to Mr R's account. I can understand Mr R felt that it was sitting on his money because he had provided confirmation of the amount transferred. But I don't think Vanguard was at fault for the delay up to 22 June for the reasons given. So I cannot consider any award for financial loss or distress and inconvenience associated with that delay.

I can however consider an award for any financial loss and distress and inconvenience arising from the delay between 22 June and 26 June.

Financial loss

The purpose of an award for financial loss is to put Mr R back into the position he would have been in but for the mistake – in this case the delay from 22 to 26 June. But Vanguard has confirmed that due to changes in fund prices Mr R was actually better off so there was no delay. I have seen evidence to support this and I am satisfied that he didn't miss out due to the delay. Further it does not seem that Mr R missed out on any dividends due to the delay as the last payment date predated the date the money should have been invested on.

Distress and inconvenience

The purpose of such an award is to reflect the impact of the delay between 22 June and 26 June on Mr R. Its purpose is not to punish Mr R. I can see that Vanguard accepted it had caused a delay and checked to make sure there was no loss. So it seems the error was corrected quickly. I can understand that the delay was frustrating for Mr R. Having considered these events on balance I think the £200 Vanguard says it has already paid for this delay and dealing with his complaint, is fair and reasonable in all the circumstances.

My final decision

I uphold this complaint in part.

I direct that Vanguard Asset Management, Ltd should within 30 days of this service notifying it that Mr R has accepted my decision pay Mr R £200 for distress and inconvenience.

For the avoidance of doubt if and to the extent that it has already paid £200 it need not make any further payment to Mr R.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 15 April 2024.

Colette Bewley
Ombudsman