

## The complaint

Mr L complains that he has lost out financially due to the length of time it took Skipton Building Society (“Skipton”) to deal with his pension transfer. He also complains about the service provided.

## What happened

Mr L wanted to consolidate his pensions into one pension fund, to take a tax-free cash (TFC) lump sum of 25% and drawdown his pension as and when needed after that.

Mr L had some important upcoming financial commitments he wanted to use his TFC to pay for.

Mr L contacted his original pension providers and decided to appoint a financial adviser to assist with the transfer. He met with a Skipton financial adviser in March 2023 and later appointed him to assist with transferring his pensions funds from two other providers Companies C and A, to Company F.

In July 2023, Mr L told the Skipton financial adviser that he needed this to go ahead quickly as he wanted to use his TFC to pay for important family events. Mr L said his Skipton adviser told him it would take around four to five weeks to complete the transfer. Mr L instructed the adviser to proceed with the transfers in late August 2023, having received the adviser’s recommendation earlier that month.

Mr L called the Skipton adviser after four weeks had passed. He was told that he still had to verify his identity to proceed. Mr L said this was the first he’d heard of this. Mr L’s Skipton adviser said he was unaware this was still outstanding and didn’t receive the letter Company F (the new provider) said they’d sent about this in early September 2023. As soon as Mr L became aware, he went to a branch with his ID documents to verify his identity. He said he expected things to progress quickly after that.

On 3 October 2023 Mr L received a letter from Company F thanking him for updating his bank details. He contacted them to query this but was told he couldn’t talk to anyone as he had no account details. Company F sent bank details later that week to Mr L. By then Mr L had already contacted his adviser who assured him there was nothing to worry about.

On 11 October 2023 Mr L heard from one of his providers (Company C) that his fund had been transferred to Company F. He received his 25% TFC shortly afterwards.

Mr L asked his Skipton adviser why his funds from the other provider (Company A) had not been transferred also. The adviser told him that it would not take much longer. Mr L contacted Company F himself. He was told they’d requested the transfer, but it had not yet taken place. They said it would be done by the end of that week. Mr L said this caused him further concern and worry.

On 23 October 2023, Skipton called Company F who confirmed Company A sent the funds on 20 October 2023, and they should allow three to five working days for the money to

arrive. They noted the TFC should be with Mr L shortly as the bank details had been verified. They said everything should be settled by the middle of the following week, which would still be within their delivery timescales for transfers.

**On 30 October 2023 Mr L was sent 25% TFC from his Company A pension fund.** On 1 November the remaining balance of his pension fund was transferred to Company F.

During the transfer process Mr L said his Company A fund value dropped. Mr L believes he lost out because of the length of time it took the transfers to go ahead. He also feels that Skipton has not fairly recognised the distress and inconvenience he's suffered.

Skipton accepted that their communication with Mr L fell below the standard expected and that they had contributed to the delay in small part. They apologised to Mr L for providing misleading information about the length of time the transfer would take, saying that usually once a transfer request is made, they allow eight weeks for completion. Skipton offered to pay Mr L £125 compensation for their poor communication.

Skipton said they'd checked if the delay in providing the TFC had caused Mr L financial loss. They said after carrying out a calculation he was £39.03 worse off.

Skipton also carried out a calculation to see what the position would have been if his pension monies had been deposited into his new chosen fund sooner. Skipton said that this calculation showed that rather than Mr L suffering a loss, he was £1151.58 better off. They said the gain, could be offset against the £39.03 loss, concluding that overall, financially, he was better off. Skipton also amended its offer of compensation to £200.

Our investigator looked into Mr L's complaint. Mr L felt there had been a total lack of service from Skipton for the fee he paid of £3245.12. He said he was led to believe his transfer would be carried out quickly and that had he not kept chasing his Skipton adviser, nothing would have happened. Mr L said over the duration of the time it took to complete his transfers the value of his total pension pot fell by £98.

Our adviser revised her view and asked Skipton to complete a new loss calculation as it had taken too long for the transfer request to be sent to Company F and the adviser had not followed up adequately, such that the anti-money laundering (AML) verification checks were delayed. She recommended a new loss calculation was carried out and the compensation award was increased to £300.

Skipton did not agree. They said the paperwork was submitted to Company F within their agreed delivery timescales. They asked for Mr L's complaint to be referred to an ombudsman to consider. The complaint comes to me to issue 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.

Mr L paid Skipton around £3,000 to deal with his transfers, he feels let down and that Skipton did not provide a service, or provide adequate support, to ensure his transfers were progressed in a timely way. He also feels he was given inaccurate information about how long transfers generally take.

I think Mr L made clear to Skipton that it was important to him that his transfers were made in a timely way, so he could cover some important family expenditure. I think it likely also

that Skipton did give Mr L an unrealistic expectation at the outset that the transfer would be completed within four to five weeks, when Skipton said it generally assumes these will take around eight weeks to complete.

I find that Mr L could have been given clearer information by Skipton about how long transfers take, particularly as Mr L's transfers was reliant on three other businesses, with their own service delivery targets, doing their part to make the transfers happen. Had Skipton provided clearer information and realistic timescales, I think Mr L's expectations would have been better managed, and overall, this would have resulted in him being caused less trouble and upset by this.

Mr L considers that he has not received a reasonable level of service from Skipton for the fee paid. Mr L however did agree to pay Skipton a fee to deal with his transfers and Skipton have provided a service, albeit with shortcomings. I can't fairly and reasonably require Skipton to refund this fee. I can, however, recognise the extra level of trouble and upset Mr L has been put to by Skipton's shortcomings and any financial loss he has suffered arising from Skipton's actions or omissions – so as to put him back in the situation he would have been in had these shortcomings not arisen.

I recognise that Mr L is disappointed with the £300 award our investigator recommended, I consider that this is a fair and reasonable amount and in line with other awards made by this service. I accept this would have been a worrying time for Mr L between September 2023, when he expected the transfers to have been made, and early November 2023, when they were completed. Skipton should pay Mr L £300 for his loss and inconvenience.

Skipton latterly recognised its own shortcomings and carried out a loss calculation to see if Mr L had lost out financially, I have considered whether the way it went about conducting that calculation was fair and reasonable.

Mr L completed all the relevant paperwork on 17 August 2023. Like our investigator, I haven't seen anything to show why it took until 30 August 2023 for Skipton to submit the transfer paperwork to Company F, nine working days later. Skipton says this was however, within its own usual eight-day target – the paperwork having been received at its headquarters on 18 August 2023.

I can also see that once the transfers were submitted to Company F, on 7 September 2023, Company F sent a letter to the adviser to ask for further verification to meet the AML requirements. The Skipton adviser did not follow up the application until eight days after that, and only having been prompted by Mr L. Had Skipton kept Mr L's transfer requests under review, I think they would have been progressed sooner.

Within the process, Skipton acknowledged that it was responsible for an overall delay of 14 days and should have paid Mr L's Company A's TFC sooner.

To put things right Skipton should work out whether Mr L would have suffered any loss if the AML checks were completed by 7 September 2024. I have allowed within this, a period for the paperwork to be sent to Company F and the verification checks to be completed. Other timescales remaining the same, including the *delays Skipton has already accepted*, Skipton should carry out loss calculations to understand if these *two* periods of delay caused Mr L financial loss.

If the calculation or calculations demonstrate an overall loss, the compensation amount should, if possible, be paid into Mr L's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr L as a lump sum after making a notional deduction to allow for income tax that would otherwise have been paid in retirement. 25% of the loss would be tax free and 75% would have been taxed according to his likely income tax rate in retirement presumed to be 20%. So, making a notional deduction of 15% overall from the loss adequately reflects this. If Mr L is able to show Skipton he pays tax at a higher rate in retirement, the applicable tax rate should be applied to calculate the amount of loss.

Skipton should provide Mr L with details of the calculation in a clear and simple format.

### **My final decision**

I uphold this complaint in part and order Skipton Building Society to pay Mr L fair compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 October 2024.

Kim Parsons  
**Ombudsman**