

The complaint

Miss M is unhappy with delays she says Quilter Wealth Ltd (Quilter) caused during the transfer of her pension.

What happened

Miss M was approaching retirement age and had some pensions that she wanted some advice on. One of those pensions was a final salary occupational pension scheme (OPS). Miss M says that a relative she lived with received a yearly review from an independent financial adviser (IFA). She first met this adviser in January 2019 and again in January 2020 when he visited her home to complete her relative's pension review. When the IFA visited her home in January 2021 Miss M asked about the possibility of transferring her pensions.

Miss M says the IFA suggested she obtain a cash equivalent transfer value (CETV) and once received, book an appointment with them to go through her retirement options.

The IFA did not have the required permissions to advise on defined benefit pensions, like the OPS Miss M had.

Miss M received the CETV on 15 January 2021, which had a deadline of 14 April 2021. She says she called the IFA and booked an appointment with them. The IFA attended Miss M's home on 28 January 2021. During this meeting Miss M said that the IFA explained that she would need to speak to a specialist pension adviser. So, a meeting was set up with a different IFA on 9 February 2021.

Both above-mentioned IFA's were acting on behalf of one of Quilter's appointed representatives. And so, Quilter are responsible for the actions complained about under this complaint. It appears there was some staff movement during the time Miss M's transfer was progressing, between appointed representatives. The Quilter group have advised this service to direct this complaint to Quilter Wealth Ltd. As such I will refer to both IFA's actions as those of Quilter for the purposes of this decision.

The IFA passed some basic details about Miss M to their compliance team on 22 February 2021. Quilter requested some information about Miss M's OPS two days later. There was some back and forth between the IFA and OPS whilst they obtained everything they needed to provide Miss M with advice. The final piece of information was received by the IFA on 4 March 2021.

The IFA reviewed all of the details they had obtained and submitted Miss M's case to their compliance team for a full check on 19 March 2021. The first check was returned on 31 March 2021 and the IFA resubmitted it to the compliance team on 6 April 2021. On 6 April 2021 there was internal sign off on the advice.

Miss M received advice to transfer her OPS to a self-invested personal pension (SIPP), withdraw £20,000 tax-free cash and enter flexi-drawdown. Miss M was provided with a suitability report on 12 April 2021 and on 13 April 2021 she returned the signed documents needed to complete the transfer.

On 13 April 2021 the IFA emailed and posted the documents Miss M's OPS needed from them, these were received by the OPS on 14 April 2021. They also emailed the receiving scheme (SIPP provider) providing a document that the SIPP provider needed to sign and send to the OPS. The SIPP provider said this email was not marked as urgent and Quilter did not phone ahead to notify them that the deadline was the next day.

Miss M's OPS got in touch with her on 19 April 2021 to let her know that they had not received all of the documents required by the deadline on the CETV. They said that if Miss M wanted another CETV within 12 months she would need to pay £300 for it. Miss M still wanted to go ahead with the transfer.

A second CETV was requested. The documents required to complete the transfer were received by the OPS on 18 August 2021. The transfer went ahead on 16 September 2021. The new CETV was lower than the one received in January 2021 by around £58,000. Miss M received the £20,000 tax free cash she had requested on 29 September 2021.

Miss M was charged an initial adviser fee by Quilter which was linked to the amount that she transferred. Quilter provided a calculator to demonstrate how this fee is calculated. It appears Miss M was charged based on the amount that would have been transferred based on the CETV of January 2021.

Miss M was unhappy – she said she was reassured by Quilter that the SIPP provider said they would cover any difference with the CETVs. But the SIPP provider said they would not cover the difference in values. When Miss M requested evidence of the conversation Quilter had with the SIPP provider this wasn't how the conversation had gone. She raised a complaint against Quilter, Miss M said she had lost a considerable amount of money due to the delays with the transfer. And she had suffered considerable distress which had affected her well-being.

She also set out that it had taken a long time for Quilter to provide her with the call recording between them and the SIPP provider that she had requested.

Quilter provided their response to Miss M's complaint. They didn't think they had caused any delays and so they didn't uphold her complaint. In summary they said that transfers involving the type of pension Miss M had are complex and can take some time. That means that only advisers that meet specific regulatory requirements and have passed Quilter's internal exams, are permitted to provide such advice. And so, it was necessary for Miss M to be passed to a specialist IFA. And in addition, all cases of this nature have to be reviewed by their compliance team who assess if the advice to transfer is appropriate.

Quilter did feel they had caused delays in providing Miss M with the call recording she had requested, for which they apologised.

Miss M remained unhappy and so she referred her complaint to this service. She explained that something had gone wrong with the transfer of her pension scheme, and she was not at fault. This had led to a loss of around £58,000.

An investigator considered Miss M's complaint and upheld it. They said that the original IFA shouldn't have suggested Miss M request a CETV before she had spoken to a specialist IFA that would be able to provide her with appropriate advice. And, had they waited to let Miss M know she needed a CETV until her appointment with the specialist, the process could have been completed within the three month deadline the CETV provided.

The investigator made a redress suggestion to put Miss M back as closely into the position she would have been in but for Quilter's error. In summary the investigator suggested Quilter calculate and award Miss M the difference between the actual CETV from May and the notional CETV, as if it had been received on 5 February 2021. And award £300 compensation by way of an apology for the distress and inconvenience Quilter's delays had caused Miss M.

Quilter agreed with the investigator's assessment, in order to resolve the complaint.

Miss M remained unhappy. She asked for an ombudsman to review the complaint. In summary she said that she wanted a refund of the difference between the January CETV and May CETV. She also suggested that she be refunded the initial advice fee Quilter had charged her. And she thought that the compensation amount suggested of £300 did not go far enough to compensate her for the stress that she had been caused.

Miss M's complaint was passed to me for review.

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 Miss M's complaint, I will go on to explain why.

Whilst I have not mentioned all of the correspondence in detail within this decision, I want to reassure both parties that I have considered in detail all of the correspondence and information provided by both Quilter and Miss M when forming my decision.

Delays

I understand that Miss M would like me to award her the difference in value between the CETV she received in January compared to the CETV in May. However, I need to consider what happened. And where something went wrong, think about what would have happened, had things been done the way they should have. So, it's not as simple as comparing the January and May CETVs. Because, I don't think, all having gone as it should, that Miss M would ever have requested the CETV in January 2021 – and so she never would have had an opportunity to realise the value that was presented at that time.

I will go on to explain why I have come to that view below. I have considered the timeline of events as demonstrated below:

- Miss M was advised to obtain a CETV in January 2021.
- She requested a CETV on 13 January 2021 and received it on 17 January 2021.
- On 28 January 2021 Miss M met with an IFA who wasn't qualified to provide OPS advice.
- On 9 February 2021 Miss M met with the OPS qualified IFA.
- Miss M's case was submitted to the compliance team on 22 February 2021.
- Questions were asked of the OPS between 24 February 2021 and 4 March 2021.
- The IFA put together the advice document and submitted it to the compliance team on 8 April 2021.
- Compliance signed off the advice and it was provided to Miss M on 12 April 2021.
- Miss M returned the paperwork on 13 April 2021.
- The IFA provided the paperwork to both the OPS and SIPP provider on 13 April 2021.

- The deadline for receipt of all the paperwork for the CETV to be valid was 14 April 2021.

Based on the above I don't think that Quilter caused any unnecessary delays throughout the process of providing Miss M with advice. From the time she met with the OPS qualified IFA to them sending the documents to the OPS and SIPP provider.

This took a total of nine weeks, which I think is reasonable for the amount of work that is involved in providing suitable advice on an OPS transfer.

However, Miss M was asked to obtain a CETV prior to speaking to a suitably qualified IFA. And prior to even booking an appointment with one. It is standard practice that a CETV has a deadline which needs to be met. And, as set out within Quilter's final response, they understand that it takes time to provide this type of advice. So, I wouldn't expect them to have told Miss M to obtain the CETV until she had spoken to the correct adviser.

I think, acting correctly, Quilter ought to have booked Miss M an appointment with the appropriate adviser. Before suggesting she request a CETV from her OPS.

Quilter have said that they didn't tell Miss M to obtain the CETV in January 2021. But I think based on Miss M's recollection that it's most likely she was told by her relative's IFA to obtain this valuation. It's unlikely Miss M would have known she needed this in order to consider how she could take her benefits. And I would also expect that when Miss M called to book an appointment with an IFA she would have been asked some basic questions to establish if Quilter could assist her. And if they could who it would be appropriate to book her an appointment with. That doesn't appear to have been done here – even after Miss M called following receipt of the CETV – she was still booked in with an IFA who would not have been able to provide her with advice.

So, on balance I am persuaded that Miss M was told by Quilter's IFA to obtain the CETV in January 2021 when they visited her home.

What would have happened, had Quilter acted correctly?

As set out above it's my view that Miss M should not have been told to obtain a CETV in January 2021. Instead, I think Quilter ought to have booked Miss M an appointment with the appropriate IFA straight away.

Had they done so, Miss M would most likely have booked an appointment with the appropriately qualified IFA on 28 January 2021. In that meeting the IFA would have asked her some questions about her aims and objectives and gathered information about her personal circumstances. And then suggested she obtain a CETV.

If Miss M had requested a CETV from her OPS after this meeting she would have received one on around 5 February 2021. The CETV would have had an expiry date of 4 May 2021.

Quilter would have taken nine weeks to obtain all the information they needed in order to provide Miss M with suitable transfer advice. Had they done so, Miss M would have received the advice on around 9 April 2021. Miss M returned the transfer forms the following day. And the SIPP provider returned their part to the OPS two days after Quilter had sent them to them. So, the OPS would have had all the required documentation by 11 April 2021. So, well within the deadline of 4 May 2021.

It took just under four weeks for the transfer to complete following receipt of the documentation. So, Miss M's transfer would have completed around 8 May 2021.

I appreciate the SIPP provider sent the original paperwork to an incorrect email address. However, this would likely have been picked up by Quilter or the SIPP provider and corrected.

For the reasons set out above I will be directing Quilter to carry out a redress calculation to compare what Miss M did transfer in September 2021 to what she would have transferred in May 2021. And if Miss M has suffered a loss Quilter must award compensation.

Miss M received her requested tax free cash on 29 September 2021. Two weeks after the transfer had completed. So, she would have received these funds on 22 May 2021. Which means she was without use of these funds for a number of months.

So, I will direct Quilter to award 8% simple interest per annum on the £20,000 tax free cash from when she should have received it, until she did.

Second CETV fee

Had Miss M requested a CETV from her OPS once she had spoken to a qualified IFA, she would only have needed to ask for one. Miss M's OPS have charged £300 for the second CETV. Miss M does not think she paid this fee. I asked Quilter to confirm who had paid the £300 fee, but they did not respond.

As such, I will direct Quilter to refund the £300 fee to Miss M's pension if it was charged or deducted during the transfer process.

Advice fee

Miss M agreed to pay Quilter's advisory fee in order for them to provide advice on her OPS. I appreciate Miss M has not had a smooth journey with Quilter. But they did provide her with the advice that she has paid for. And she has transferred her OPS so they have done the work they said they would. I appreciate that Miss M is unhappy with the service provided and I have taken that into account when considering the compensation award for distress and inconvenience.

Having said that, it appears to me from the paperwork I have been provided with that Quilter's transfer fee is based on the amount Miss M transferred. There is a difference between what Miss M would have transferred, had she done so within the 14 April 2021 deadline. And what she did transfer in September 2021.

I asked Quilter to clarify how much they had charged Miss M for the initial transfer advice. And explain if they had charged Miss M based on the January 2021 transfer value, why they had done so. But they haven't responded. So, I will direct Quilter to recalculate the initial advice fee Miss M would have paid based on a notional transfer value and award her the difference.

Compensation

Miss M has described the inconvenience that the service she was provided by Quilter has caused her. She said that she suffered ill-health and severe inconvenience. I can appreciate how stressful the situation would have been for Miss M, considering she wanted to take her benefits before she was eventually able to. I think Quilter's reassurance that someone would take responsibility for the difference in CETVs exacerbated Miss M's stress. She was left for a time awaiting evidence from Quilter. And when she finally received it, it did not provide the answer she'd been told it would.

For the reasons above I am going to direct Quilter to pay Miss M £500 compensation.

Summary

Quilter told Miss M to obtain a CETV before she had spoken to a suitably qualified IFA. But they should have waited. Had Quilter asked Miss M to obtain a CETV at an appropriate time the transfer of her OPS would have occurred sooner. Miss M would not have needed to pay for a second CETV, her initial advice fee would likely have been different, and she would have received her tax free cash earlier.

I appreciate Miss M would like the difference between the two CETVs she received. But I have to consider how best to place her back into as close to the position she would have been in, had Quilter done what they should have. And when I consider that, I don't think she should have been advised to ask for the CETV until later. So, I am awarding redress in line with what I think ought to, and should have, happened.

Putting things right

In order to place Miss M back in as close to the position she would have been in, had things gone as they should, Quilter must:

Initial fee charge

Quilter have charged an initial fee which was linked to the CETV. Quilter should apply the initial fee charge to the below notional calculation as if Miss M was charged based on the CETV being obtained on 5 February 2021. Effectively awarding any difference in the initial advice fee from what Miss M did pay compared with what she would have paid, had the transfer occurred on 8 May 2021.

Loss of transfer value

- Obtain a notional CETV as at 5 February 2021.
- Obtain a notional value of Miss M's SIPP as at the date of this decision, had the transfer happened on 8 May 2021 with an initial fee charge as set out above. All transactions and withdrawals that have taken place to the date of this decision should be considered as if they had happened on the same dates that they did.
- Deduct the actual value of Miss M's SIPP as at the date of this decision, from the notional value as calculated above. The result is Miss M's loss. If this is a negative, there is a gain, and no redress is payable.

This compensation amount should be paid into Miss M's SIPP if possible. 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 SIPP is not possible or has protection or allowance implications, it should be paid directly to Miss M as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

It's reasonable to assume that Miss M is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. If Miss M would have been able to take a further tax-free lump sum the reduction should only be applied to that portion of the compensation that couldn't have been taken as a tax-free lump sum. For example, if Miss M

would have been able to take a tax-free lump sum of 25%, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.

Second CETV charge

Had Quilter done what they should have, Miss M would only have needed to request one CETV. As such, if she paid the £300 fee for this additional CETV Quilter should refund this to Miss M. If the fee was deducted from Miss M's pension it should be paid back into her pension if possible.

If a payment into the SIPP is not possible or has protection or allowance implications, it should be paid directly to Miss M as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

If Miss M paid the £300 out of her own funds and it wasn't deducted from her pension, then Quilter should refund this fee directly to Miss M, with no deduction of income tax.

Tax-free cash

Quilter must pay 8% simple interest per annum on the £20,000 tax-free cash taken by Miss M. Interest must be paid from 22 May 2021, when she ought to have received it. To 29 September 2021 when she did receive it. This is to compensate Miss M for being without the use of the funds for this period of time.

Compensation

Miss M has described the stress that she felt following the transfer date not being met. In addition, Miss M was without access to her pension for four months longer than she should have been. In order to redress this distress and inconvenience Quilter must pay Miss M £500 compensation.

If payment of compensation is not made within 28 days of Quilter receiving Miss M's acceptance of my final decision, interest must be added to the compensation at the rate of 8% per year simple from the date of my final decision to the date of payment.

Income tax may be payable on any interest paid. If Quilter deducts income tax from the interest, it should tell Miss M how much has been taken off. Quilter should give Miss M a tax deduction certificate in respect of interest if Miss M asks for one, so she can reclaim the tax on interest from HMRC if appropriate.

My final decision

I uphold Miss M's complaint and direct Quilter Wealth Ltd to award compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 20 November 2024.

Cassie Lauder
Ombudsman