

The complaint

Mr S complains that True Potential Investments LLP (TPI) failed to provide proper and full information about operational aspects of his pension and failed to communicate with him fully and in a timely way. He also feels that it failed to administer his requests in a timely manner, leading to a payment delay.

Mr S is also unhappy with how TPI handled his complaint.

What happened

Mr S had a pension with TPI. He contacted it by secure message on 20 February 2023 to ask for details on how he could withdraw funds from his pension. TPI responded on 21 February 2023. It said it would arrange for the drawdown feature to be added to Mr S's client site. And that this would take a couple of days.

On 23 February 2023, Mr S couldn't see the drawdown feature on his app, so he asked TPI for help. TPI told him that this feature would only show on the website version of the client site.

TPI acknowledged Mr S's withdrawal request on 29 March 2023. It said it would review this request within three working days. It then messaged Mr S on 31 March 2023 to say that it had received a request to crystallise £20,281.60 of his pension as an Uncrystallised Funds Pension Lump Sum (UFPLS). It asked him to confirm if this would be a full closure of his pension, as the amount he'd requested was almost the entire policy value.

Mr S messaged TPI on 1 April 2023 to confirm that he wanted to drawdown all the funds and have the policy closed. TPI let Mr S know on 2 April 2023 that it had passed this on to its drawdown team. Mr S then asked TPI to confirm the timescale for the payment to be made.

On 3 April 2023, TPI told Mr S that it couldn't give him a date yet, but that it would contact him as soon as it could. Mr S replied the same day to say that he needed the payment to be made in the 2022-2023 tax year. On 4 April 2023, TPI told Mr S that this wouldn't be possible, as the payment could take two to three weeks from the initial withdrawal request.

On 13 April 2023, Mr S contacted TPI to raise a complaint, as it had been over two weeks since he made his drawdown request and he hadn't received his payment. He said that he'd suffered losses because of this. And that he would now have to pay additional tax.

On 15 April 2023, an internal TPI message recorded that Mr S's account was in full closure, and that this could take longer than a normal withdrawal. It said that the funds were due to sell down on the 18 April 2023, after which the processing team would action Mr S's request and confirm the payment date.

On 20 April 2023, Mr S sent TPI a message as he'd yet to receive his payment and he wanted to know what was happening. He said he'd requested drawdown of all sums in his portfolio on 29 March 2023. He said he had no idea why his portfolio value had significantly decreased and now stood at £1,122.03. He asked for an urgent update.

On 26 April 2023, TPI messaged Mr S to tell him that his request had been processed in line with his instruction and that the payment would be made on 28 April 2023. TPI also called Mr S to confirm this information, but had to leave a voicemail.

Mr S contacted TPI on 29 April 2023 to tell it that he'd only received his tax-free lump sum payment. The income part of his payment was missing. He asked it to confirm when the rest of the payment would be made. TPI replied on 3 May 2023 to confirm that the payment would be made on 4 May 2023. The net payment for £10,115.11 was made on 5 May 2023.

TPI issued its final response to the complaint on 23 June 2023. It acknowledged it had caused some avoidable delays to the payment and that the process had taken longer than expected due to processing errors. TPI said that the process had been delayed in part because there was an outstanding monthly fee on Mr S's policy which had blocked his drawdown from being actioned due to the request for a full account closure. It said that once the fee had been paid and was no longer blocking the drawdown, it gave him a final sell down date of 18 April 2023. But that due to human error, a further delay was caused by an incomplete sell down that it only became aware of on the 18 April 2023. It said that once it corrected this Mr S's funds were completely sold down by 26 April 2023, with his payment date then being set as 28 April 2023.

TPI also acknowledged that it had caused an avoidable delay to Mr S's income payment. It said that this payment should've been paid alongside the other payment. And that this was due to human error when processing Mr S's withdrawal request.

TPI felt that it had responded to Mr S's queries promptly. But it accepted that it hadn't always communicated certain pieces of information about the delay to his drawdown clearly. It felt that a lack of clear communication had caused Mr S further distress while he was waiting for his full pension withdrawal. It apologised for the delays and the poor communication and offered Mr S £200 for the distress and inconvenience this had caused.

Our investigator felt that TPI had caused some avoidable delays and agreed that its communication could've been better. But felt that TPI's offer of £200 compensation was fair under the circumstances. He didn't think that Mr S's request for payment before the end of the tax year had been achievable even without the delays.

Mr S didn't agree with our investigator. He felt that he hadn't covered each element of his complaint. He also wanted our investigator to confirm whether the timeline TPI had provided was correct.

Mr S said there were delays. And that other providers had acted within days on similar requests. He also felt that the losses he'd suffered weren't simply interest on the payments. But also the difference in value between the request being made and the payment being made. And the higher rate of tax he'd paid. He also felt that our investigator hadn't explained why he felt that £200 was a suitable offer of compensation.

As agreement couldn't be reached, the complaint came to me for a review.

I issued my provisional decision on 17 May 2024. It said:

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 intend to uphold it. I disagree with TPI and our investigator that the £200 compensation TPI has offered is fair. I'll explain the reasons for my decision.

I acknowledge that Mr S would prefer to be referenced by his full name. But note that all of our decisions are written with initials only to anonymise them.

Before I start, I can see that Mr S has made a number of complaint points in respect of TPI's complaint handling. I've not been able to consider any of these points, as this service doesn't have the power to consider complaint handling where it has no connection to the underlying financial service that the business provided, as I consider is the case here.

I first considered Mr S's point that TPI caused an unacceptable delay to his payments. And that its own usual timescale of two to three weeks was excessive. He felt this was longer than other providers would take. He also said that TPI failed to meet its own timescale.

Did TPI cause avoidable delays to Mr S's payments?

TPI said in its final response letter that the process did take longer than expected due to the processing errors it identified. After allowing for the outstanding monthly fee issue - which I don't consider I can fairly hold TPI responsible for - TPI said that human error caused Mr S's funds to be completely sold down by 26 April 2023, with his payment date then set as 28 April 2023.

However, I can see that TPI had told Mr S that his funds should've been sold on 18 April 2023. But for TPI's error, I therefore consider that his payment date would've been set as 20 April 2023. This means that TPI caused an avoidable delay of eight days here.

TPI has also acknowledged that a further human error caused another avoidable delay to Mr S's income payment, which was eventually paid on 5 May 2023. As I noted earlier, based on what TPI told Mr S and but for the two human errors, this should've been paid on 20 April 2023.

Therefore I don't agree with TPI or our investigator that TPI should only pay Mr S compensation for the distress and inconvenience it has caused him because of its errors, and its poor communication. I'll detail what further steps I think TPI should take later in my decision. But in summary, I intend to require it to ensure that Mr S is put back into the position he would've been in but for the delays caused by the two human errors TPI has acknowledged.

I can see that Mr S has complained that TPI's usual timescale of two to three weeks is excessive and longer than other providers. So I've also gone on to consider this point. I'll also consider Mr S's additional point that he had to pay more tax on the withdrawn funds than he should have.

I should first note that TPI is entitled to decide how it operates. Therefore its entitled to set its own service standards. This service can't tell it how to operate. But it can consider whether the standards that it's set for itself are fair and reasonable.

Did TPI complete the process in line with its terms and conditions?

I can see that TPI's terms and conditions state under section 1.5.2 Withdrawal Instructions:

"... Money will normally be in your bank account within 10 working days from the date we receive a valid instruction, but in exceptional circumstances may take longer."

So there's no commitment to a certain timescale within the terms and conditions. Instead, TPI suggests that a normal transaction will take up to 10 working days. But in Mr S's case, it told him on 4 April 2023 that his payments could take up to two to three weeks as he was

closing his account. Mr S confirmed his instruction on 1 April 2023, so I think he could've reasonably expected his payments to be made by about 23 April 2023 according to this timetable. But it wasn't guaranteed.

I think it was reasonable for TPI to give Mr S this expectation at this point. I don't think it was necessarily out of line with what other providers would've suggested under similar conditions. Mr S was completely closing his pension, rather than just making a payment, so I think it's reasonable to expect this to take a little longer than a simpler transaction.

In the end, there was a delay to the process due to an outstanding fee. I've not been provided with any information about how long a delay this was. But as I noted earlier, I don't consider that this was caused by TPI. So it would be reasonable to add this period of delay to the two to three weeks TPI suggested the process would take. Therefore it doesn't look like the eventual sell down date of 26 April 2023 was too far out of line from what TPI told Mr S to expect.

I understand why Mr S was frustrated about how long the process took, but TPI did tell him what he could expect. So he knew from early on in the process that the payment wouldn't be made in the 2022 - 2023 tax year. I appreciate that it's frustrating for Mr S that other providers might've acted more quickly. But as I noted earlier, it's not the role of this service to tell a business what to do. And I'm satisfied that TPI's usual timeline is reasonable.

Moving now to Mr S's point that he's had to pay additional tax as his payments weren't made in the 2022 – 2023 tax year. I can see that Mr S told TPI on 3 April 2023 that he needed the payment to be made in the tax-year 2022 - 2023, and not in 2023 - 2024. And that TPI told him the following day that this wouldn't be possible.

TPI said that even if Mr S's payment had started to be processed from his original request on 29 March 2023, it wouldn't have had enough time for the withdrawal to have been made in the tax year 2022 - 2023.

I agree with TPI here. There were only three working days from Mr S's confirmed request for payment on 1 April 2023 until the end of the tax year. And only five working days from the incomplete request on 29 March 2023. TPI wasn't required to complete Mr S's request in any specific time period. Therefore I can't fairly ask TPI to compensate Mr S for any additional tax he thinks he's paid.

I next considered Mr S's complaint that TPI failed to provide him with proper and full information. He felt that TPI had failed to communicate fully and in a timely way.

Did TPI provide Mr S with proper and full information?

Mr S specifically noted that TPI didn't tell him that he couldn't use the App to request a drawdown, or that the drawdown feature would be taken off his account after a period of time so he'd need to make a further request. He felt this had led to unnecessary delay.

I appreciate that this would be frustrating. But as I noted earlier, TPI is entitled to operate its business as it sees fit as long as it acts fairly and in line with its terms and conditions. So I can't see it's done anything wrong here.

I also note that although Mr S originally contacted TPI on 20 February 2023 to ask it how he could withdraw funds from his pension, he then asked it about how to find the drawdown feature on his app on 23 February 2023, when he was told that the feature was only provided on the website version of the client site. The evidence shows that Mr S didn't then make his withdrawal request until 29 March 2023. So I'm not persuaded that the fact that he

had to ask for a feature to be added to his account made any difference to the timing of his transfer.

Mr S also said that TPI had failed to advise him of expected times for drawdown. And that it had failed to advise him about the timing of withdrawals and payments.

TPI has apologised for its poor communication and offered compensation in respect of the distress this caused. I think that its offer of £200 in respect of its poor communication is reasonable under the circumstances of this complaint. I say this because it must have been frustrating for Mr S to have to keep asking TPI to confirm information he felt it should've told him. But I don't think TPI should be required to increase this offer, because it didn't have a fixed time period for the process Mr S was embarking on. And its terms and conditions clearly outlined that such a process would take up to 10 working days and could take longer, so I think some of the information Mr S felt was missing was already available to him.

I can see that Mr S has also questioned whether the timeline TPI has provided to this service was correct.

I've carefully considered this point. But I've found no reason not to take the information provided at face value. And I can't see that Mr S has specifically disagreed with any dates. So I'm satisfied that it's reasonable to accept the timeline as accurate.

Overall, I intend to uphold the complaint because I'm persuaded that the two human errors TPI has acknowledged led to Mr S's payments being made later than they would otherwise have been paid.

Response to my provisional decision

TPI said it had no further information to add.

Mr S didn't respond.

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.

No further points have been made by any party, so I remain of the view I set out in my provisional decision.

Putting things right

My aim is that Mr S should be put as closely as possible into the position he would probably now be in but for the two human errors TPI has acknowledged. I think this would've meant that both the tax-free cash payment and the other income payment would've been made on 20 April 2023.

I say this because TPI told Mr S that all of his funds would be sold down on 18 April 2023. And it made the tax-free cash payment two days after the actual sell down date. Therefore I consider that if TPI hadn't made any errors, both payments would've been made on 20 April 2023.

Therefore I require TPI to calculate what Mr S's pension fund would've been worth if it had sold down all assets on 18 April 2023, rather than 26 April 2023. This is the fair value. It should then recalculate what the tax-free cash and income payments would've been on 20

April 2023 based on the fair value.

If the fair value is greater than the actual value at the date of my final decision, there is a loss and compensation is payable. If the actual value is greater than the fair value, no compensation is payable.

If there is a loss, TPI should pay Mr S the difference between the tax-free cash payment it made to him on 28 April 2023 and the amount it should've paid him on 20 April 2023, plus annual simple interest at 8% for the period from 20 April 2023 to the date of my final decision, to reflect that Mr S didn't have the money he should have had over this period. It should also pay Mr S the difference between the income payment it made to him on 5 May 2023 and the amount it should've paid him on 20 April 2023, plus annual simple interest at 8% for the period from 20 April 2023 to the date of my final decision, to reflect that Mr S didn't have the money he should have had over this period.

If it hasn't already done so, I also require TPI to pay Mr S £200 for the distress and inconvenience caused by its errors and its poor communication.

TPI should also provide the details of its calculations to Mr S in a clear, simple format.

My final decision

For the reasons set out above, I uphold Mr S's complaint. True Potential Investments LLP must take the actions detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 July 2024.

Jo Occleshaw
Ombudsman