

## The complaint

Mr W complains about how Zurich Assurance Ltd (Zurich) handled his transfer to another provider to facilitate an annuity purchase and said he has suffered a financial loss as a result.

## What happened

The history leading up to this complaint is well known to the parties and therefore I have only summarised events below.

In March 2024 Mr W contacted Zurich as he was planning to transfer his Zurich pension benefits to a new provider (who I will refer to from now on as Provider B) in order to purchase an annuity. He told them that Provider B would be contacting Zurich regarding the transfer and that this request can be processed but must not be concluded and the funds shouldn't be paid until Mr W gave Zurich authorisation to do so. Mr W further clarified that Zurich should process the transfer promptly but without payment to Provider B until they receive his authority. He said:

*The transfer if to be processed immediately. (The only requirement that had been arranged confirmed is not to make the monetary transfer until you have my authorisation.*

About a week later, Zurich received an Origo transfer request from Provider B. Zurich started the transfer process the next working day. This resulted in Mr W's funds no longer being viewable online. Zurich subsequently explained this to Mr W in response to concerns he raised about what seemed the complete disappearance of nearly £2 million in his pension.

On 23 March Mr W emailed Zurich to let them know that the terms of the annuity with Provider B were confirmed and he provided his authorisation for the transfer to fully proceed. Mr W also explained the importance of processing matters urgently to ensure the transfer synchronises with another transfer he was arranging with another provider, also to Provider B.

On 26 March Zurich emailed Mr W to confirm that they were fully processing the transfer request now they had his consent to do so. They said the Origo request looked to have been received on 20 March and their timescales for transfers at that time was seven working days, subject to checking.

The process was completed, and funds paid to Provider B on 28 March. The amount transferred was the value of the funds on 21 March.

Mr W subsequently complained to Zurich about the service he received. In particular, Mr W was unhappy that prior to the funds being transferred to Provider B, Zurich moved them into a non-interest-bearing holding account. He said he was never told of this, didn't agree that this was reasonable and thought that his pension funds could and should have been transferred directly from his Zurich pension to Provider B at the full value prevailing on the day of transfer.

In response, Zurich acknowledged that some of its communications could have been clearer and apologised to Mr W for this, but Zurich concluded that the transfer had been completed within a timely manner and in line with their given procedures and service standards. So Zurich didn't uphold his complaint.

Dissatisfied with this response, Mr W referred things to this Service for an independent assessment. In doing so, Mr W made clear the crux of his complaint was that he felt Zurich should not have disinvested his funds when they did and that as a result, he lost out on the interest that accrued during this time.

One of our investigators looked into Mr W's concerns. He concluded that the transfer had been completed in a timely manner in compliance with the terms and conditions of the plan and applicable regulations. So he wasn't of the view that Zurich had been unfair or unreasonable and didn't think the complaint should be upheld.

Mr W didn't agree so the complaint has come to me for a final 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.

Having done so, I have reached the same conclusions as the investigator and for broadly the same reasons.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the industry regulator, the Financial Conduct Authority (FCA). Instead, this service looks to resolve individual complaints between a consumer and a business. It is my role to fairly and reasonably decide if the business has done anything wrong in respect of the individual circumstances of the complaint made and – if I find that the business has done something wrong – award compensation for any material loss or distress and inconvenience suffered by the complainant as a result of this.

When considering what is fair and reasonable, I have taken into account relevant law and regulations; regulator's rules, guidance and codes of practice; and what I consider to have been good industry practice at the time.

It's clear to me that Mr W has strong feelings about this complaint. He has provided detailed arguments to support his case which I can confirm I've read and carefully considered. However, I trust he will not take the fact that my findings focus on what I consider to be the central issues, as a discourtesy. The purpose of my decision isn't to address every point raised, but instead to set out my conclusions and reasons for reaching them.

The crux of Mr W's complaint is that Zurich, without his authorisation, moved the funds in his pension plan to a holding account before transferring them to Provider B. He believes that Zurich unfairly benefitted from interest earned on his funds during this time. So he would like Zurich to pay him interest from when his funds were disinvested on 21 March until the transfer completed on 28 March.

I understand the purpose of the transfer was to purchase an annuity. As such, Mr W wasn't looking to set up a new pension plan with Provider B. This meant an in-species transfer – where the assets remain invested during the transfer and then re-registered with the new provider after the transfer, would not have been possible here.

Instead, in order to facilitate the transfer, Zurich had to sell down to cash the investments held within Mr W's pension fund. As the investigator explained, because the pension benefits were held in investment funds, which are priced daily and so have a settlement period when sold, this could not happen instantaneously. This means Mr W's funds would always have been out of the market for a period of time after the transfer was initiated.

I understand Mr W doesn't feel that he was informed this would happen and he said he never consented to this. However, the terms and conditions of Mr W's plan with Zurich states that when exercising his right to take an open market option (OMO) – which is what Mr W was doing by purchasing an annuity from Provider B – “units allocated to the contract will be cancelled immediately after the Contract Value has been established.” So I think this makes clear that Mr W's funds would be disinvested.

And it is standard industry practice in these situations for the cash to be put temporarily in a non-interest-bearing holding account. Providers, like Zurich, do not have direct access to these funds and receive no financial benefit from the monies in the holding account. It's clear Mr W doesn't believe this has been the case here, but I've seen no evidence to suggest that Zurich profited from Mr W's funds during the period of time they weren't invested.

The FCA has long been concerned with the time taken for transfers and pension switches to complete. Following the FCA's sector analysis concerning market-wide risks in this area, the Transfers and Re-registrations Industry Group (TRIG) – an association of trade bodies – published a consultation in December 2016 aiming to improve service standards and competition. The TRIG finalised framework was published in June 2018. It applies to all pension and investment products and sets out the standards providers are expected to achieve. TRIG suggests a 48-hour (business day) standard for completing each step of a transfer.

Although voluntary, take up of the framework is encouraged by all relevant industry bodies. And I consider that it represents good industry practice and is therefore a relevant consideration for me to take into account when thinking about Mr W's complaint.

The TRIG framework states that 10 working days is an appropriate timescale for a cash pension transfer to be completed (including any bank clearing time). The request to transfer Mr W's pension benefits was received by Zurich on 19 March and was completed on 28 March, which is seven working days later. During this time Zurich said that it completed their due diligence checks and assessed the transfer to ensure it met the new Department of Work and Pensions regulations.

I've seen nothing to suggest Zurich delayed any part of the transfer and in fact, Zurich's actions instead indicate they understood the urgency of the transfer. Zurich started the process of selling down the assets to cash soon after they received the transfer request from Provider B. And I can see that no funds were transferred until after Mr W provided Zurich with his authorisation to do so, in accordance with his initial instructions. I consider Zurich acted fairly and reasonably and that the transfer was processed in a timely manner. So I am not persuaded that Mr W's funds were out of market for an unreasonable amount of time. Therefore, I'm unable to conclude that Zurich made an error for which Mr W should be compensated.

So, for all these reasons, whilst I know Mr W will be disappointed with this outcome, I'm not upholding his complaint.

**My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 February 2025.

Jennifer Wood  
**Ombudsman**