

The complaint

Mr M complains that UTMOST LIFE AND PENSIONS LIMITED transferred a lower amount than was appropriate to his new pension provider.

What happened

Mr M's complaint was considered by one of our investigators. She sent both parties her assessment of the complaint on 22 August 2024. The background and circumstances to the complaint were set out in that assessment (albeit some of the relevant dates were subsequently clarified), so I won't repeat them all again here. However in summary, Mr M was transferring his pension to another pension plan with a different pension provider. Utmost received the letter of acceptance from the receiving scheme on 26 January 2024.

The payment was processed on 31 January 2024, using the value as at 26 January 2024. A total of £198,384 was transferred. However Mr M was unhappy because he said the value of his fund had been approximately £200,100 at the time of transfer. Mr M thought Utmost should have used the value on the date of transfer.

Mr M complained to Utmost. It didn't uphold his complaint. It said that it had to act in line with its regulatory obligations which was to pay the value based on the date it had all the information to complete the transfer, which was 26 January 2024.

Mr M referred his complaint to us. Our investigator didn't recommend that the complaint should be upheld. She said, in summary, that Utmost was obligated to ensure Mr M's pension plan was administered and governed properly. She said Utmost had said it used the fund value on the date that it had all the information it needed to complete the transfer. It said this was standard practice in the process of transferring pension funds and it thought it was reasonable.

The investigator said whilst she understood it was frustrating that the fund value had changed, she didn't think Utmost had made any errors as she thought it had acted in line with its regulatory obligations and the plan's terms and conditions.

Mr M didn't agree with the investigator's findings. He said, in summary, that he didn't know when the funds were sold, but he had the opportunity to move the funds to a cash fund at any time on his online account. He said he didn't know Utmost had taken steps to transfer funds at a value on 26 January 2024 on 31st January 2024. He said he had many stocks and shares, and it was only when they were sold that the cash was realised.

Mr M said he didn't know what would have happened if he had moved the funds to the cash fund after the 26 January 2024. And he thought Utmost had a duty to tell him what it intended to do at the time. Mr M said he didn't think he was being unreasonable, after having the funds for many years and being charged for the privilege, that he should have the proceeds when they were sold. Mr M said Utmost should make sure their clients were advised of the procedure of valuation or actually sell the funds when it received the acceptance letter thus avoiding this situation.

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've come to the same conclusions as the investigator, and largely for the same reasons.

I agree with Mr M that it would have been helpful for Utmost to have set out how the process would work before the transfer to avoid this situation; a dispute which I think is reasonably foreseeable. I've looked through all the relevant documents and I can't see that it was explained.

However having said that, in my experience the process that Utmost has followed is a common one used by a number of firms in the industry. Utmost has also provided us with a copy of its internal guidance, which is consistent with it using the date of receipt of the last piece of information as the date that is used for valuation purposes.

Ultimately, given there will usually be a small period of time from receipt of all the information a firm requires to process the transfer, and the transfer actually being completed, and where values could go up or down, I think using the day of receipt of the last piece of information provides an objective date at which the value can be calculated and in all cases. This avoids disputes about the time taken by a firm from receipt of all information to when it actually processes a transfer which will differ to some degree case by case. I think it provides consistency and is a fair process – its not known whether the value will increase or decrease after the receipt of all information – in some cases it will go up and some down.

I don't know if Mr M would have been able to switch his funds to cash after the date the firm received the last piece of information. However he wouldn't have known whether the fund value would subsequently increase or decrease from the 26 January 2024, the same as he wouldn't have known prior to that. Mr M could have switched to cash prior to 26 January 2024 but didn't. And my understanding is that he didn't ask to switch to cash after 26 January 2024.

I do understand Mr M's disappointment, because he was aware the value had moved higher, and I think would naturally feel he has lost out. But in reality the firm was always going to use the date it received the last piece of information as the valuation date. In effect it was a loss of expectation. And its only seen with the benefit of hindsight that the value went higher – it could also have gone lower. Taking everything into account, in my opinion the date and process used by the firm to value the transfer was fair and reasonable in all the circumstances.

My final decision

My final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 March 2025.

David Ashley
Ombudsman