The complaint

Mr W complains about the service he received from IFG Pensions Limited (IFG) when opening a Self-Invested Personal Pension (SIPP), carrying out an in-specie transfer (of investments held by Firm R) and making a withdrawal.

What happened

Mr W says he was a resident in another country at the time of initiating an application to open a SIPP in May 2022 and he was planning to repatriate back to the UK when his visa expired on 2 October 2023. He had begun making financial plans which is why he initiated the in-specie transfer from his qualifying recognised overseas pension scheme (QROPS). Mr W's QROPS had a capped drawdown (CDD) of around £3,400 per annum.

I will note the timeline of the opening of the SIPP, in-specie transfer, nominal payment and first withdrawal below.

<u>Timeline of SIPP application and transfer</u>

Mr W signed a SIPP application and application to transfer his investments in-specie into the SIPP. His financial adviser (FA) emailed the application documents to his ceding scheme and to IFG on 17 May 2022.

On 23 June 2022 Mr W forwarded the documents onto the ceding scheme, then on 8 July 2022 the ceding scheme forwarded the application documents to IFG. The application was reviewed on 15 July 2022 and IFG requested further information from Mr W's FA on 27 July 2022. Mr W's FA provided some of the requested information on 1 August 2022 and 3 August 2022. On 6 August 2022 IFG contacted Mr W's FA to let them know there were still outstanding items. Due to annual leave Mr W's FA responded with the rest of the documentation on 22 August 2022.

On 13 September 2022 IFG say they sent Mr W's application for sign off, it was signed off and the SIPP opened with a welcome pack sent on 26 September 2022.

Mr W signed a benefit election form on the same date. Within *Section D: Benefit Options* Mr W indicated that he wanted to enter flexi-access drawdown (FADD) and noted that he wanted to withdraw £10,000 per annum from the pension.

On 27 September 2022 IFG emailed Mr W to confirm they would process a nominal payment of £300 in order to trigger him to receive a tax code from HM Revenue & Customs (HMRC). Before proceeding with the withdrawal of £10,000.

An acceptance letter was issued to the ceding scheme on 17 October 2022. An email was received from the ceding scheme with the deed of assignment (DOA) to be signed on 7 November 2022.

IFG hadn't realised they'd received the DOA so chased the ceding scheme on 28 November 2022. On 6 December 2022 IFG requested a current valuation which was received on the same day. They then requested a risk assessment on 13 December 2022. The risk assessment failed – as the appetite for risk indicated by Mr W on his SIPP application form was lower than the risk level of the investments held by Firm R. IFG asked Mr W's FA to provide a new risk letter on 19 December 2022, on 9 January 2023 Mr W signed a new risk score which was provided to IFG.

Mr W raised his concerns about the length of time that the transfer was taking in late January 2023. He explained to IFG that he couldn't apply for the NT tax code until they had made the first payment to him. IFG followed this conversation up with an email which set out that a complaint would be raised after the completion of the transfer. IFG confirmed that a nominal payment of £300 would be made to Mr W, and Mr W would then apply for the NT tax code.

The risk assessment was approved by the investment team on 25 January 2023. IFG say the DOA was signed and sent to the ceding scheme on 28 January 2023, this was returned as the date was incorrect – the correctly dated DOA was sent by IFG to the ceding scheme on 2 February 2023. The DOA was sent to the investment by the ceding scheme on 14 February 2023. Evidence of the transfer was received by IFG on 10 March 2023. At some point within the timeline IFG asked the ceding scheme for information about the benefit's Mr W had already taken – this was provided by the ceding scheme on 2 March 2023.

On 29 March 2023 IFG confirmed to Mr W that the transfer had been applied and they were working on the nominal payment. They asked Mr W to fill out a conversion form in order to change to FADD so that he could withdraw more than the limit. Mr W didn't return this form.

On 28 April 2023 IFG made a payment in the sum of £300, less £60 UK income tax to Mr W.

On 9 May 2023 IFG asked Mr W how he would like to proceed with the residual funds, he responded that they shouldn't do anything as he had an accountant who was working on obtaining a no tax, tax code from HMRC (NT tax code).

Mr W got in touch with a tax adviser and in early May 2023 visited their offices in the UK to discuss becoming a tax resident again. On 10 May 2023 a Chartered Tax Adviser emailed Mr W, they said:

> *"We have reviewed your position for UK tax and although you are still a tax resident in [country] (which you advised), you are also likely tax resident in the UK – per HMRC you will automatically be UK resident if you spend 183 days or more in the UK in a tax year. You advised you have been back in the UK since the end of July 2021. While the 2021/22 tax year may be covered by exceptional circumstances, it is likely you may be treated as UK resident for the 2022/23 tax year, and if so, you will have started this current tax year, 2023/24, as a UK resident.*
>
> *While this may not present any issues with tax returns as you have not been receiving any income, it does mean that HMRC will likely not allow an NT tax code to be applied to your pension in the UK. At the end of the current tax year 2023/24 your tax position can be reviewed, and any overpayments of tax can be reclaimed."*

Mr W asked IFG if they had received a new tax code from HMRC, with the 'month' removed from it (S12570L). He said he didn't want to make any further withdrawals until that had happened. There were some back-and-forth discussions about what tax would be deducted from Mr W's withdrawal between him and IFG and between him and his tax adviser.

The tax adviser let Mr W know that if he withdrew less than £12,570 he wouldn't pay any UK income tax. IFG said that because of the way tax is deducted if he withdrew a lump sum, some of it would be taxed because HMRC would assume he was going to receive the payment monthly.

Withdrawal timeline

On 6 June 2023 Mr W asked IFG how he could withdraw £1,047.50 in April 2023, May 2023 and June 2023 (a total of £3,142.50), he said in his communications that he thought no UK income tax would be deducted. IFG sent Mr W a benefit election form to be completed on 7 June 2023, Mr W was unsure how to fill it in but did so and returned it on the same day.

On 12 June 2023 IFG sent a signed withdrawal form to Firm R but for the incorrect amount. IFG chased Firm R on 20 June 2023 and received £400 on 21 June 2023. On 23 June 2023 a corrected withdrawal form was sent to Firm R and a chaser sent on 6 July 2023. On 7 July 2023 Firm R advised that the withdrawal form was missing the account number and that there were not enough funds to meet the withdrawal.

On 10 July 2023 IFG emailed Mr W following a telephone call to let him know that a dealing instruction was required. They also told him they could waive the previously asked for conversion form if he completed a risk warning document which they attached to the email.

The dealing instruction was received, completed by Mr W and sent to Firm R on 13 July 2023. Between this date and 10 August 2023 Mr W was discussing the risk warning as he didn't want to sign it.

The funds were received on 25 July 2023. Mr W received the payment in August 2023.

Mr W has complained that he had to prematurely sell his car in order to pay for his personal belongings to be transported to the UK in around August 2023. He told this service that he had had works carried out to the car during the 10 months leading up to the sale, and that he received market value for the vehicle. He provided an email from the garage that facilitated the sale dated 21 June 2023 which said:

> *"after no small amount of drama we have finally managed to transfer the [car] to a new owner completed today"*

He also provided invoices for the transport of his personal belongings and bank statements showing these were paid on 12 and 13 July 2023. Mr W said that he had to borrow a vehicle and use public transport or taxi's to get around from June until he repatriated to the UK.

Mr W formally raised a complaint on 16 March 2023 with IFG. He said that there was a general misunderstanding of the process by IFG staff, delays with communications and bad customer service and that the transfer process took too long.

IFG issued a final response letter on 5 May 2023. They accepted that they had caused delays and not provided the service they should have. They awarded £400 for the distress and inconvenience they had caused Mr W.

Mr W was unhappy with this response and there were communications back and forth. On 12 June 2023 and then 3 July 2023 IFG issued follow up letters which reiterated that they accepted they had caused some delays but that they felt the £400 offered was fair and reasonable.

On 15 August 2023 IFG issued a final response which addressed delays to the withdrawal in June 2023. IFG accepted they had again caused some delays and offered to refund the

£100 income fee back to Mr W's SIPP by way of recognising the distress they had caused him.

Mr W remained unhappy and referred his complaint to this service for consideration in September 2023. He said there were delays with the transfer, which meant that he was not able to make a withdrawal of funds within the 22/23 tax year. He has explained that along with the service issues and frustrations, this has caused him some financial losses such as:

- Either the tax-free loss of his pension fund (around £39,000) or the tax-free loss of £12,570 – as he had no other UK income in the tax year 22/23.
- £2,227, as he had to sell the car he had abroad in order to cover his shipment costs for personal belongings.
- £2,044, additional travel costs from the date of the car sale to his repatriation.

An investigator provided their view of Mr W's complaint. Their opinion was that there were multiple parties involved in the transfer of Mr W's QROPS and investment. They said that had these delays not occurred Mr W would have been able to withdraw funds in the 2022/23 financial year. The investigator suggested that IFG pay a percentage of any increased tax Mr W has paid in proportion to the number of parties involved. The investigator felt that Mr W had suffered distress due to the delays and service he received, but that the £400 IFG awarded was fair and reasonable – they didn't ask IFG to increase this amount.

The investigator thought that the offer of refunding the £100 income fee was fair to reflect the delays caused to the withdrawal but awarded 8% simple interest per annum on the withdrawal amount requested for the delay period to reflect the loss of use of the funds, for 6 weeks. But they didn't think IFG needed to compensate Mr W for the sale of his car. They said that Mr W had been planning to sell the car for a long time before June 2023 and so couldn't conclude that the sale was due to the late payment of the withdrawal Mr W had requested. So, no award was made in consideration of Mr W being without transport.

Mr W didn't agree with the investigator's view. In summary he said that:

- He did sell his car to cover the shipping costs in June 2023. He provided bank statements to show receipt of funds on 22 and 23 June 2023 and payment of the shipping fees on 4, 12 and 13 July 2023.
- He was unhappy as he didn't feel the investigator had addressed the tax implications in full and suggested that this service seek counsel on UK Income Tax laws.
- IFG should be held responsible for the full tax break compensation. It would then be for IFG to recover any part they're not responsible for from the other parties. That he would not be able to claim against the other parties as they're not regulated in the UK. And an equal share of the blame would be disproportionate considering Mr W's FA was only responsible for a few days.

IFG responded to the view, they agreed to pay the £400 compensation, refund £100 into Mr W's SIPP and pay 8% simple interest on the delayed funds for six weeks in the sum of £28.98. They suggested they would consider paying any additional tax Mr W had needed to pay due to their delays but didn't think he had suffered any loss.

Mr W remained unhappy with the investigator's view and IFG's response so asked for an ombudsman to consider his complaint. He said that this complaint was not about additional tax that had been paid. Rather, it is about the tax exempt income that was available to take in the 2022/22 tax year – either at a NT tax rate or nil on £12,570.

Mr W's complaint was passed to me for consideration. I issued a Provisional Decision on 20 September 2024.

Provisional decision

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Whilst I have not listed within the background of this complaint all the chasers that Mr W sent to all the parties involved with the transfer, I'd like to reassure him that I have considered the file in full. Mr W provided a thumb drive to this service with some information on it – I have not been able to review all of the documents, namely the outcome of his complaints against related parties and the first benefit election form dated 25 August 2022. But I don't think it makes a difference to the decision I have made. If Mr W believes these documents alter the position, or he has any further documents, he should provide a copy when he responds to this provisional decision.

I also appreciate the effort that Mr W went to throughout his interactions with IFG in order to attempt to speed things up. He often passed information between parties and pointed out when something had already been received that was being requested again. I will go on to consider the consequential financial losses Mr W has said he has suffered, but in relation to the service he was provided with, I agree that this fell short on many occasions throughout the transfer process.

Mr W suffered considerable distress due to the actions of IFG and I can tell from his communications with them that he was worrying about his situation. He also had significant inconvenience which he had to make an effort to sort out.

IFG have offered Mr W £400 compensation plus £100 refund of their income fee, by way of an apology for the distress and inconvenience. I intend on directing them to increase this offer to £750 compensation plus refunding the £100 income fee. And refund any additional tax Mr W has occurred due to him not being able to make a withdrawal UK income tax-free in 2022/23. I'll go on to explain why.

<u>Tax exempt income</u>

I'd first like to explain that we are an evidence-based service – it is not my role to provide an expert opinion on UK – or any other jurisdiction's - tax laws. My role within this complaint is to consider the evidence that has been provided to me by both parties. And where there has been an error, decide what IFG ought to do in order to put things right. On a fair and reasonable basis.

It is also not IFG's role to provide Mr W with tax advice or guidance. Their role as SIPP administrator is to act on the instructions of Mr W, or his adviser, and conduct their business within the rules and regulations set by those that govern them, including HMRC and the Financial Conduct Authority (FCA).

I have considered what Mr W has said in response to the investigator's view – that this complaint centres around the loss of tax-exempt income in the financial year 2022/23. Mr W explained in an email to this service that:

"In theory I could have transferred the total value of the SIPP Pension fund to my account in [country] if the Transfer-In process and UK Tax Code Issue from HMRC to me would have been completed before 1st April 2023."

So, in my mind Mr W is saying that, had IFG done what they should have done, he could have taken his full pension fund tax free as he believes that HMRC would have *provided him with an NT tax code. As a service we do not award compensation for hypothetical situations. I will only make an award where I am satisfied that, had everything gone as it should have, Mr W would have withdrawn money from his pension tax free in 2022/23. And that because he couldn't, he has had to pay tax on a future withdrawal, that he would not have otherwise had to pay.*

So, I have to consider:

- *When would the transfer have happened, had IFG done what they should have.*
- *Had IFG done what they should have – what would Mr W likely have done.*
- *Has Mr W suffered a financial loss due to the above.*

When should the transfer have completed

IFG have said that they respond to all correspondence within five to ten working days. However, the industry wide framework for improving transfers and re-registrations (TRIG) states that IFG should adopt a maximum standard of two full business days to respond to correspondence and move the transfer to the next stage. Other than where there is a reason why a step would reasonably take longer. So, when compiling a hypothetical timeline of events, I have considered two full business days reasonable unless there is a reason why a step may take longer.

IFG accepted responsibility for some of the delays that Mr W suffered, but not all of them. They said that had they done everything they should have, Mr W's in-specie transfer would have occurred on 24 January 2023. But I disagree, I think it would have been earlier – I will explain why below.

Mr W's FA provided IFG with the SIPP and transfer applications on 17 May 2022, which IFG say they didn't receive. But IFG recognise the email address it was sent to as one of their employees. I can't see a reason why the email wouldn't have been received, as it was sent to the correct email address of an IFG employee, and so it's reasonable to have expected IFG to act on the application at this time.

*It took IFG 5 working days to review the application, I think this is a reasonable amount of time for the post to have been picked up and the application reviewed, taking matters to 24 May 2022. It's reasonable for IFG to have emailed Mr W's FA for the further information they required on the same day, or next working day, following the completion of the review –
25 May 2022.*

Due to leave, it took Mr W's FA 18 working days to provide IFG with the documents that they required. It might be that Mr W's FA wouldn't have been on leave had the transfer process occurred at a different time. However, the FA went back and forth with IFG during this time, providing some of the information requested. So, it's fair to consider it would have taken the same length of time for Mr W's FA to respond as he did, within my hypothetical timeline. So IFG would have received the documents they requested by 23 June 2022.

The application was sent for sign off, it was accepted, and a welcome pack issued. IFG have said within their revised timeline that they caused a delay at this point. I have considered it reasonable that IFG would have taken two working days to pick up the information provided to them by Mr W's FA. I've then allowed a further two working days for them to sign off the application and issue the welcome pack. Which *brings the hypothetical timeline to 1 July 2022. IFG have said they should also have issued the acceptance letter to the ceding scheme on the same day.*

It took 14 working days for the ceding scheme to send the DOA to IFG, so had things have happened as they should, IFG would have received the DOA on 22 July 2022. IFG have said it should have requested a valuation within six working days, but I disagree, I think they ought to have acted on receipt of the DOA within two working days, 27 July 2022. The valuation was received by IFG on the same day. In response to the valuation IFG requested a risk assessment and within five working days they were advised it had failed. I think this was a reasonable amount of time. They asked Mr W's FA for a new risk assessment within four working days, but I think they should only have taken two working days to act on the failed risk assessment. Bringing the hypothetical timeline to 9 August 2022.

Mr W's FA provided the new risk assessment within 12 working days, it's fair to keep this amount of time within the hypothetical timeline as it is what happened, 26 August 2022. A new risk assessment was requested the next working day and approved within 11 working days, which is outside of IFG's standards and so I've only allowed for 10 working days, 14 September 2022. The DOA was signed and sent to the ceding scheme two working days later, which is reasonable, 20 September 2022. There was an error with the date on the DOA which was amended, this should have been correct when the DOA was initially sent and so I've not allowed any time for this. It took the ceding scheme eight working days to send the DOA to Firm R, 3 October 2022. The transfer completed 10 working days later, 18 October 2022.

Based on the revised hypothetical timeline which just takes into account delays that IFG caused, the transfer ought to have completed by 18 October 2022. So, within the 2022/23 financial year.

What would Mr W likely have done had the transfer completed when it should have?

After an event it's easy for us to look back in hindsight and consider what we might have done. The best evidence of what actions Mr W may have taken, had the transfer completed in October 2022, is to consider what he did do when the transfer occurred in March 2023 – and the communications that were made at the time.

Mr W has suggested he could have taken his full fund value (of around £39,000) tax free in 2022/23. Based on the evidence Mr W has provided us with I'm not persuaded that is the case. He has provided an email with advice from a tax specialist who he had a meeting with. In that email the tax specialist says that Mr W is likely to be treated as a UK resident for tax purposes for the year 2022/23 as he'd been in the UK since July 2021. So based on the evidence I've seen, I don't think Mr W would have been able to take his entire fund, tax free, in the 2022/23 tax year.

In any event, even if he could have taken it all tax free at that time, I also don't think Mr W ever intended on withdrawing the full fund in the 2022/23 tax year. So, I don't think whether Mr W would have been awarded a NT tax code from HMRC for the tax year 2022/23 changes the outcome of this complaint. I say that because within the SIPP application Mr W indicated that he wanted to withdraw £10,000 per annum, and nowhere in the communications I have been provided with was it suggested that Mr W wished to withdraw the full fund – even when there was the possibility that the transfer would be completed within the 2022/23 tax year.

All of the communications I have been provided with build a picture of Mr W's intentions – which appear to have been to withdraw a nominal payment to trigger a

UK tax code – and then apply for the NT tax code. I don't think Mr W had any appetite to pay UK tax and reclaim it at a later date. That is clear from an email he sent to IFG on 7 June 2023 within which he said:

> *"Please note that I am trying to achieve the following:*
>
> *April 2023 - £1,047.50*
> *May 2023 - £1,047.50*
> *June 2023 - £1,047.50*
>
> *Total Income payment £3,142.50.*
>
> *There should be zero UK Income tax taken from the benefit, kindly review and revert back to me by close of business today."*

Mr W could have withdrawn up to £12,570 UK income tax-free – on the assumption that, as he has mentioned to this service, he had no other UK income in the 2023/24 tax year.

In my opinion, what Mr W was trying to achieve by suggesting the above in his email to IFG (three months payments of a 12th of the £12,570 personal allowance) was to withdraw his funds with no at source tax deduction. There are clear misunderstandings within his request – for example he had already withdrawn a payment in April 2023. And as far as I am aware IFG would not be able to backdate a payment as Mr W has suggested. I can't see that IFG explained his misunderstanding to him – but as I set out above, I wouldn't expect them to provide tax advice and he had a tax adviser at the time.

So, based on what I've seen, I'm satisfied that had the transfer occurred in October 2022 Mr W would not have wanted to incur any at source UK income tax either. And I don't think he would have taken his full fund, tax free as that doesn't appear to have been his intention at the time.

I have gone on to consider, had the transfer occurred when it should have – in October 2022 – when would Mr W have requested the withdrawal of further funds? And how much would he have likely requested. In order to answer this, I have again considered what did happen and put together a hypothetical timeline below.

Withdrawal timeline

IFG agree they caused a delay in the withdrawal request made by Mr W on 6 June 2023. But that even if they hadn't caused any delays Mr W would still have received the payment in August 2023. After considering all of the correspondence provided from this time, I agree with IFG that whilst they did cause a delay, which will have been frustrating, the payment would not have been able to be made any earlier to Mr W. So, I have to apply this same timeline to the hypothetical timeline set out above.

Mr W made a request for a withdrawal once he had his HMRC tax code (S12570L). From the date of IFG letting Mr W know that the transfer had occurred, to the date of the withdrawal request (7 June 2023) there were 44 working days – during this time Mr W was waiting for his new HMRC tax code to be applied and discussing things with his tax adviser.

So, I think this time would always have passed before Mr W decided to take a further withdrawal. Therefore, he likely would have requested the withdrawal of funds on 20 December 2022.

On 20 December 2022 we were nine months into the 2022/23 financial year. I think it likely that Mr W's thought process would have been similar to the one he had in June 2023 – that he wanted to withdraw £1,047.50 per month tax free based on the tax code HMRC had provided him with. So, it's most likely, in my opinion, that he would have requested to withdraw £9,427.50 (£1,047.50 a month between April 2022 and December 2022).

The withdrawal form was submitted to Firm R within two working days which was reasonable. However, IFG knew at this point that the withdrawal would take Mr W over his capped drawdown limit – and they knew he had not filled in and returned the conversion form they needed for flexi-access drawdown. So, they should have asked him to complete it
– or the risk warning document they needed from him, in order to release the funds at the same time.

IFG would have chased Firm R on 5 January 2023 and been advised that there were insufficient funds the next day. They'd have asked Mr W to complete a dealing request form two working days later and Mr W would have provided it two days later on 16 January 2023.

The dealing form was sent to Firm R on the same day that IFG received it and they received the funds seven working days later – which would have taken things to 26 January 2023.

I have considered the time that Mr W spent considering whether or not to sign the risk document IFG needed in order to process his payment. As set out above, I think it would have been reasonable for IFG to request this on around 22 December 2023 as they understood the withdrawal would take him over his capped drawdown limit. He discussed the form in length with both his FA and IFG for at least 22 working days. I have sight of an email from IFG to Mr W dated 10 August 2023 within which they let him know they can't release the funds until he has provided them with the completed form. So, those discussions would have run alongside the rest of the process and concluded around 25 January 2023 at the earliest.

IFG have said that they need to have receipt of funds prior to the 5 of the month, in order to make the payment that month. So, Mr W would have received his withdrawal in February 2023. This would likely have been UK income tax-free, as Mr W has said he had no other UK earnings within the 2022/23 financial tax year. Although, it may have been that tax would have been deducted initially and Mr W would have needed to reclaim it at the end of the tax year.

What loss has Mr W suffered?

Mr W has suggested that his loss amounts to either his fund value – or £12,570 which is his personal allowance.

But I don't agree, he has not lost the value of his fund. These funds remain in his plan (unless he has since withdrawn them) and he is still free to withdraw them, albeit subject to UK income tax rules. So I'm not going to be asking IFG to make a payment to cover Mr W's full pension fund or £12,570 as he hasn't actually lost these funds.

Mr W has said this complaint is not about additional tax he has paid – and he hasn't provided this service with any evidence that he has paid additional tax in the 2023/24 tax year. For example, if he had withdrawn pension funds he intended to withdraw in 2022/23, in 2023/24, alongside other income, he may have incurred tax he otherwise would not have. So based on what I've seen to date, it doesn't appear Mr W paid any additional tax in the 2023/24 tax year.

But if he did, and he provides evidence that he has incurred a tax charge he wouldn't have in the 2023/24 tax year, up to a withdrawal amount of £9,427.50, I will require IFG to pay it. And I note that in response to the investigator's opinion, IFG had agreed to do this in any case.

Mr W thought that he would be able to withdraw some of his pension fund UK income tax free in the tax year 2022/23. But, due to IFG's actions, that opportunity was taken away from him.

I appreciate how frustrating this must have been for Mr W – particularly as he was navigating repatriating back to the UK, which I imagine would have been weighing on his mind. I've taken this into account when thinking about the distress and inconvenience this matter has caused Mr W. I have also considered all of the service issues Mr W has complained about and the delays caused. I appreciate that Mr W has suffered distress, inconvenience and disruption that has caused him a lot of extra effort, and that this spanned over many months.

For all of these reasons I am intending on directing IFG to increase the offer of compensation from £400 to £750, in addition to the £100 income fee they have already offered to refund.

Financial loss due to car sale

In addition to the loss of the ability to withdraw funds from his pension, UK income tax-free, in the financial year 2022/23, Mr W also states that he suffered a financial loss in respect of the sale of his car in June 2023. He said that he had to prematurely sell his car in order to pay shipping fees, which had become due because the withdrawal he requested in June 2023 was delayed.

Mr W wanted the payment he requested to be made in June 2023 – but that would never have been possible. IFG's payroll cut off is the 5 of the month, so the earliest the payment could have been made to Mr W was in July – if the payment was received from Firm R by 5 July.

It could be argued that had the transfer gone ahead as it ought to have done, Mr W would have had access to funds withdrawn in February 2023 – as per the hypothetical timeline. But, Mr W has a duty to mitigate his losses. If he knew that he had no way to fund the shipping costs that would become due in late June/ early July, other than from his pension, he could have requested a further withdrawal at any time from April 2023, when the nominal payment had been made. I appreciate Mr W didn't want any withdrawal to incur an income tax charge at source – but any tax deducted by IFG would have been reclaimable by Mr W (assuming his full income consideration for the tax year 2023/24 remained below £12,570). But considering the importance of shipping his personal belongings, I think he ought to have made sure he had the funds available before the due dates. So he should have requested these funds prior to June 2023.

In addition, even if I thought it reasonable that Mr W waited until 7 June 2023 to request a withdrawal, I still wouldn't award the redress he has indicated, which in summary is:

- *£2,227, the amount his car sold for.*
- *£2,044, additional travel costs from the date of the car sale to his repatriation.*

Mr W has said he lost the value of the car (£2,227) – but he didn't. He told this service that he received market value for it. He also let this service know that he intended on selling the car when he repatriated four months after he sold it. So, it was always going to be sold and he would likely always have received market value for it – which he did. So, there is no financial loss.

In respect of the additional travel costs, I have considered the timeline of events. Mr W let this service know that he had begun preparing his car for sale some 10 months prior to it selling in June 2023. I have set out the timeline below to demonstrate my findings:

- *Around September 2022 Mr W begins preparing for the sale of his car with some*
- *repairs and assistance from a garage.*
- *16 May 2023 – Firm A provide a move proposal with 8 to 12 week estimated transit*
- *time. Mr W signed this document on 1 June 2023.*
- *2 June 2023 – the packers invoice states this was the load date.*
- *7 June 2023 - Mr W requested a withdrawal of funds.*
- *9 June 2023 – an invoice for the packing was issued by Firm A.*
- *9 June 2023 – a proforma invoice for shipping was issued by Firm A.*
- *21 June 2023 - car sale completed, the garage assisting in the sale said:*

  "after no small amount of drama we have finally managed to transfer the [car] to a new owner completed today"

- *22 and 23 June 2023 - payment received for the car.*
- *4, 12 and 13 July 2023 - shipping payments made.*

I appreciate the car sale completed on 21 June 2023, but based on the evidence provided I don't think Mr W sold the car in a hurry in order to meet his shipping costs. I say that because the garage indicated in their email that the sale had been protracted. So, it seems likely Mr W had instructed the sale to go ahead before it did on 21 June 2023. He had only requested the withdrawal on 7 June 2023. So, at the point of instructing the sale of the car Mr W did not know there would be a delay with the withdrawal from IFG. It follows that he did not make the decision to sell his car because of the delay with the withdrawal.

And, as I set out above, Mr W knew his transfer had completed and he could make a withdrawal request in April 2023. So, I'm not awarding any financial losses Mr W has said flowed from the sale of his car.

Apportionment

Mr W has argued that IFG should be responsible for his full losses – he's made some arguments as to why and I agree with Mr W on this point.

I've only considered any delays that IFG are responsible for – and had they done what they should have Mr W's transfer would have occurred in October 2022. So well within the 2022/23 financial tax year. IFG could argue that other parties also took longer than they should have – but even if they did, as set out within my hypothetical timeline, had IFG acted as they should have, the transfer would still have gone ahead within the 2022/23 tax year.

For this reason, I'm not suggesting redress is paid proportionally.

Summary

As set out above, it is not my role to decide whether or not Mr W would have been awarded a NT tax code, and I am not a tax expert. My role is to determine whether IFG made any errors, and what the likely impact of those errors were on Mr W. Based on all of the evidence provided to me by both parties.

Mr W's transfer into IFG's SIPP shouldn't have taken as long as it did, had IFG done what they should have. But for the delays they caused Mr W would most likely have made a withdrawal of £9,427.50 in the tax year 2022/23. That doesn't mean Mr W lost £9,427.50 – but it might have meant he lost the chance to withdraw this amount from his pension UK income tax-free. If Mr W withdrew these funds in 2023/24 instead and paid tax on the amount when he wouldn't have otherwise – IFG should cover the tax charge, upon receipt of Mr W providing evidence it was paid.

IFG have already agreed to consider any additional tax Mr W has paid due to their error. The investigator suggested IFG are only responsible on a proportional basis because there were other parties involved in the transfer which also caused delays. But I don't agree. Even without considering delays caused by other parties, had IFG done what they should have, the transfer would have completed in time for Mr W to make a tax-free withdrawal.
Therefore, I will be directing IFG to pay the full amount of any additional tax Mr W paid – subject to evidence being provided.

Mr W has said he sold his car earlier than he would have done to cover shipping costs. He didn't lose any money when selling the car as it sold for market value. I also don't think he sold the car in haste either, as it's clear the sale was in process for some time prior to 21 June 2023. As such, Mr W didn't know there would be a delay to receipt of his June 2023 withdrawal when he likely gave the instruction for the car to be sold. So, I'm not awarding any financial losses in relation to this aspect of Mr W's complaint.

IFG offered £400 compensation and a refund of £100 into Mr W's SIPP for the income fee. I don't think that is enough to compensate him for the service that they provided to him. Their delays amounted to five months, this took him into the new tax year which caused Mr W increased distress. Mr W had to call, email and chase IFG an unreasonable amount of times over this period, and he lost out on an opportunity to take some of his pension fund, free of UK income tax, in the tax year 2022/23. For these reasons, I intend to direct IFG to award £750 compensation in total and refund their £100 fee.

Redress

It is not possible to know exactly what Mr W would have done, had IFG not caused any delays. So, it is my intention to award redress which will place Mr W roughly back into the position he would have been in had IFG not delayed his transfer.

For all the reasons set out above IFG should pay Mr W £750 compensation in total and refund their £100 fee if they have not already done so. This is to reflect the poor service he received, delays in his transfer and withdrawal of funds. And for the loss of expectation of the UK income tax-free withdrawal in the financial tax year 2022/23.

I understand Mr W has now transferred away from IFG – if IFG had not already refunded the £100 fee into Mr W's SIPP they should pay it to him directly.

I've not been provided with any evidence that Mr W has paid any additional tax, in the tax year 2023/24, as a result of withdrawing the funds he would have withdrawn in 2022/23. However, if Mr W did withdraw additional funds from his pension in 2023/24 (up to £9,427.50) and that money was subject to UK income tax, it is my intention to direct IFG to award the tax incurred. Subject to Mr W providing evidence of the charge. And to award 8% simple interest on the tax payments from the date Mr W incurred them to the date of payment. The interest payments are to reflect Mr W's loss of use of the funds.

If IFG award interest payments they may be subject to a tax deduction. Where this is the case IFG should provide Mr W with a tax certificate in case he is able to request a refund with HMRC."

IFG agreed with the provisional decision, they let me know that they had not refunded the £100 fee to Mr W and so they would add it to the £750 compensation amount to be paid directly to Mr W.

Mr W responded to this decision he said:

- There was no other reason for him to sell his car so long before his visa expired, other than to pay the shipment costs.
- He disagrees with the assumption that he would not have considered withdrawing the full fund value in 2022/23.
- Any future pension withdrawals will attract a 20% UK income tax charge, so the compensation should reflect this amount.
- The compensation amount is low considering Mr W's overall experience.

Mr W provided a number of documents which evidence complaints he raised against other parties linked to the transfer process.

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 considered all of the available evidence and Mr W's comments my final decision remains the same as my provisional decision. Rather than repeat my provisional findings in full here, I've focused on addressing Mr W's additional comments. I appreciate the time Mr W has spent providing additional documentation for my consideration. I have read and thought carefully about everything he has provided.

Financial loss due to car sale

Mr W's has said that he had no reason to sell his car early, and asks why he would do so. As set out in my provisional decision I don't agree that the car was sold in haste.

However, I also haven't seen any evidence that the sale of Mr W's car has caused him a financial loss in any case. So – if I did agree that he had to sell his car five months earlier than he was going to, there would be no financial loss to award.

Mr W has said he received market value for the car – so he didn't lose out on any monetary amount. For example, if he had to sell very quickly at a reduced market value. And he hasn't provided evidence that he suffered a financial loss following the sale. For example hiring a replacement car. Mr W explained that he had borrowed transport. So, whilst I still don't agree that IFG's actions caused Mr W to sell his car early – for the reasons I have set out. Even if I did, there still would be no financial loss to award to Mr W.

Mr W has said that IFG could not have provided him with a second withdrawal any earlier than they did in July 2023. In order for him to be able to cover his shipment costs. Because their processes and administration were poor. I agree with Mr W that the service he received from IFG was poor at times, and I agree that they caused some delays.

However, as set out in full within my provisional decision, Mr W could have requested a withdrawal from his IFG pension anytime from the end of April 2023. But he didn't request funds until 7 June 2023, despite knowing that the shipping costs would be due for payment in June/July 2023.

IFG have said that due to their payroll, they can only make payments in a month if they receive the payment before the 5 of the same month. So, Mr W's request for payment was not submitted in time for him to receive the funds in June. So even if I thought Mr W had sold his car in haste to meet these costs, which for the reasons previously explained, I don't. And he had suffered a loss due to the sale, which I don't think he did. I wouldn't be awarding compensation for this as I think he ought to have requested the required funds earlier than he did. To ensure they were available in time to make the payments.

For all the reasons set out above I'm not awarding any financial losses for this aspect of Mr W's complaint.

Tax position

Based on the communications Mr W had with IFG throughout the transfer and first withdrawal it is clear that Mr W did not want to withdraw any funds which would be taxed at source. And so, on balance, I think it more likely than not that he would have only asked for the amount he thought he could receive tax free following the withdrawal of the nominal payment in 2022/23. I've not seen any evidence that Mr W intended to withdraw anymore and so my decision remains the same. That Mr W would most likely have asked for a withdrawal of £9,427.50 in December 2022.

In any event, as explained in my provisional decision, Mr W provided an email from a tax specialist who set out that he would likely be a UK resident for tax purposes in the 2022/23 tax year. So, even if I agreed he would have wanted to withdraw the full fund, he would not have been able to withdraw the full fund value at nil UK income tax. So, I am not asking IFG meet any additional tax Mr W may have incurred over a withdrawal amount of £9,427.50.

Future pension withdrawals

For the reasons set out within my provisional decision, it is my opinion that Mr W missed out on withdrawing £9,427.50 UK income tax free from his pension in 2022/23. If Mr W needed those funds and intended to withdraw them, then I think it reasonable that he would have withdrawn them in the 2023/24 tax year. In addition to any funds he intended on withdrawing from his pension during that year. As set out within my provisional decision – if Mr W withdrew additional funds in 2023/24 to replace the funds he was unable to withdraw in 2022/23, then I am directing IFG to reimburse him the additional tax he has incurred.

Compensation

Mr W has said that the compensation direction does not cover the stressful situation that he found himself in. And the additional work that Mr W had to undertake to move things along. Mr W points to other complaints he raised against the other parties involved in the transaction. As well as contact he made with other alternative dispute resolution schemes (ADR schemes).

I can only consider the actions of IFG under this complaint. I can't consider whether additional stress was added to the situation by the involvement of other firms.

I appreciate that Mr W felt he was under time pressure to complete the transfer. And that this was exacerbated due to him arranging to move his things from abroad. And he has explained that he had no other form of income at the time so was reliant on the transfer going ahead. I've thought carefully about what Mr W has said, the information he has provided and the situation he found himself in. I consider that Mr W has suffered considerable distress and significant inconvenience that has meant he needed to put in a lot of additional effort to resolve things, when he shouldn't have needed to.

It is for this reason that I feel £750, plus the refund of £100 fee is fair and reasonable compensation for the distress and inconvenience IFG caused to Mr W. Due to the delays they caused with the transfer of his pension.

Other considerations

Mr W has mentioned the process of transferring away from IFG. This has not been considered under this complaint. I have only considered the events which occurred during the transfer of Mr W's pension to IFG and the withdrawal requests that he made.

Putting things right

It is not possible to know exactly what Mr W would have done, had IFG not caused any delays. So, it is my intention to award redress which will place Mr W roughly back into the position he would have been in had IFG not delayed his transfer.

For all the reasons set out above and within the quoted provisional decision IFG should pay Mr W £850 compensation in total which includes a refund of their £100 fee. This is to reflect the poor service he received, delays in his transfer and withdrawal of funds. And for the loss of expectation of the UK income tax-free withdrawal in the financial tax year 2022/23.

I've not been provided with any evidence that Mr W has paid any additional tax, in the tax year 2023/24, as a result of withdrawing the funds he would have withdrawn in 2022/23.

However, if Mr W did withdraw additional funds from his pension in 2023/24 (up to £9,427.50) and that money was subject to UK income tax IFG should award the tax incurred. Subject to Mr W providing evidence of the charge. And award 8% simple interest on the tax payments from the date Mr W incurred them to the date of payment. The interest payments are to reflect Mr W's loss of use of the funds.

If payment of compensation is not made within 28 days of IFG receiving Mr W'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 IFG deducts income tax from the interest, it should tell Mr W how much has been taken off. IFG should give Mr W a tax deduction certificate in respect of interest if Mr W asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

My final decision

I uphold Mr W’s complaint and direct IFG Pensions Limited trading as IFGL Pensions to award redress as set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr W to accept or reject my decision before 12 November 2024.

Cassie Lauder
Ombudsman