DRN-5157945

The complaint

Mr P has complained about delays caused by abrdn Fund Managers Limited ("abrdn") in releasing the sale proceeds from investments he held with them. These delays meant the annuity which Mr P intended to purchase was delayed, resulting in annuity payments being missed.

Mr P is the trustee and beneficiary of the Self-invested personal pension ("SIPP") and Uptel Limited ("Uptel") are the professional trustee of the SIPP. As it was Uptel who primarily dealt with the correspondence with abrdn, I have referred to Uptel throughout the decision below.

Mr P has registered a similar complaint about another firm who he states also caused delays in the payment of investment funds and subsequent purchase of an annuity. Both cases have been passed to me for a decision and given the similarities in the complaints I make no apologies for the similarities in my decision in these cases.

What happened

The chain of events in this case has previously been laid out to all parties involved in the findings issued by our investigator. Whilst the parties involved disagree around the need for some of the information requested during the timeline below, the actual timeline itself has not been questioned by either party. As such I have only included a summary of those dates and points of contact that I consider key.

- 17 February 2024 – Instruction to sell down the investments received by adrdn.
- 19 February 2024 – the investments were sold.
- 1 March 2024 – Uptel contacted abrdn to query if the Form of Renunciation ("FOR") which had been issued to them was required. Abrdn said that the FOR did need to be completed.
- 19 March 2024 – Abrdn wrote to Uptel to clarify that the FOR wasn't required after all but that a Wolfsburg Questionnaire ("WQ") was needed.
- 26 March 2024 – Uptel called abrdn and were told that both the FOR and WQ are required.
- 28 March 2024 – Uptel wrote to abrdn providing a Due Diligence Questionnaire ("DDQ") rather than the outstanding WQ.
- 22 April 2024 – Uptel called abrdn. During the call the need for a WQ was re-confirmed.
- 29 April 2024 – A completed WQ was received by abrdn, however there were discrepancies in the WQ that required clarification.
- 10 May 2024 – Uptel provided further information in relation to the WQ.
- 22 May 2024 - Abrdn completed the assessment of the WQ submitted by Uptel. A letter was sent to Uptel confirming what information was outstanding.
- 31 May 2024 – Uptel responded to abrdn's request for more information with this now providing abrdn will all the information they required.

- 21 June 2024 – The investment proceeds are released.

During the withdrawal process Uptel registered a complaint on Mr P's behalf.

Within their initial response which was issued before the withdrawal had been completed abrdn explained that their compliance requirements remained outstanding and further requests for the missing information would be made.

A further response was issued on 23 May 2023, this letter accepted that there had been a delay in clarifying some of the information which Uptel had submitted on the WQ form and offered a payment of £150 to apologise for any inconvenience.

Unhappy with the complaint response Mr P and Uptel referred the complaint to this service in May 2024.

Whilst the complaint was being investigated by this service abrdn accepted there had been a delay in paying proceeds to Mr P once all of the relevant information had been received. As such, an additional amount of £250 was offered. This amount was made up of £144.33 as interest on the investment proceeds over the delay period, with the balance covering the further inconvenience caused.

Our investigator looked into the complaint and concluded that there had been additional delays during the timeline above and recommended that abrdn pay further interest on the investment proceeds over the identified delay.

Whilst abrdn stated they had issues with elements of the outcome communicated, they accepted the timeline was complex and agreed to the redress proposals recommended by the investigator.

Uptel did not agree with the outcome, stating that some of the paperwork requested was not required and that the delays themselves were more significant than those identified. Additionally, Uptel stated that the investment proceeds were to be used to purchase an annuity, that the annuity purchase had been delayed, and as a result Mr P had lost out on annuity payments which should be factored into any redress.

Our investigator was not minded to change their findings and as such the case has been passed 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 looked at the chain of events above I have reached the same conclusion as our investigator and for broadly the same reasons.

I would firstly note that the actual sale of the investments themselves was not delayed, as such market movements during the timeline above has not had any impact on the ultimate amount received by Mr P. It is therefore only losses which may have occurred as a result of Mr P being without the encashed funds for a period of time which must be considered here.

Our investigator has already provided both parties with the Transfers and Re-Registration Group (TRIG) best practice guidance which covers what service levels businesses should be aiming for is circumstances such as these, however, for completeness I have included these again here.

> *"The TRIG believes that organisations should adopt a maximum standard of two full business days for completing each of their own steps in all transfer and re-registration processes within the scope of this Framework, with the exception of pension cash transfers…"*
>
> *"This approach would enable each counterparty in a process to be equally accountable for ensuring that an efficient transfer and reregistration process is in place. Similarly, organisations will not be accountable for the underperformance of counterparties that are outside of their control."*
>
> *"This window would comprise two full business days, with a 'business day' defined as a day when the London Stock Exchange is open. Each firm would process its step by 2359 of the second business day following the day of receipt. This means that, in practice, some firms might have more than 48 hours to process their step, e.g. if they received an instruction at 0900 on day one, and did not complete their step until 2300 on day 3"*

The chain of events detailed above shows that there are three points at which abrdn could and should have acted more quickly in order to process the payment to Mr P.

When Uptel contacted abrdn on 1 March 2024 to query whether the FOR they had been issued with was required, it is at this point they should have been made aware of the need for a WQ.

Instead, this document was not requested until 19 March 2024, a delay which should not have occurred as abrdn would (or should) have been aware of all the parties involved in the transaction and their own compliance requirements on the original 1 March 2024 call.

Here, I have considered the content of a 2023 letter issued to Uptel by abrdn. This letter requested a WQ form and stated that stated that certain transactions (such as releasing withdrawal proceeds) could not be processed if abrdn had not been able to verify parties to the investment account.

Abrdn have stated that as this letter made clear the need for the WQ form in 2023, they should not be held accountable for the initial delay in requesting this form again in 2024. For their part Uptel have stated that they were not made aware of the consequences of not supplying the WQ form in 2023.

However, in line with what our investigator has already said, whilst Uptel could have avoided some of the delays suffered by submitted the WQ form as requested in 2023, it is not unreasonable to expect abrdn to re-request this as soon as practicable once the withdrawal paperwork was submitted.

As such I have concluded abrdn should have acted differently in March 2024 and are responsible for a delay at this point in time.

As part of their submissions to this service Uptel have stated that they do not believe the WQ form was necessary in this case, and that delays caused by abrdn's insistence on this document being completed should be considered.

The anti-money laundering legislation that businesses are required to adhere to has become ever more stringent over recent years, and whilst I appreciate business requirements and their internal processes can appear excessive in cases such as this, it is not for me or this service to say how a business should interpret its anti-money laundering responsibilities.

What I can say here is that it is entirely reasonable for a business to take every step necessary to ensure it is fully complying with all regulation and best practice in this regard.

I note that Uptel have referenced a previous decision issued by this service where a business's processes were questioned by an ombudsman. However, whilst there are some similarities between the circumstances in these cases, there are also significant differences. This service treats each case on its own merits, and in this instance, I do not believe the content of the case referenced by Uptel warrants a change in the outcome of this case.

The chain of events above contains two further points where avoidable delays occurred.

Between the submission of the DDQ on 28 March 2024 and the subsequent call between abrdn and Uptel on 22 April 2024, Uptel had been chasing an update from abrdn with no response. As such, whilst the wrong form had been submitted by Uptel, our investigators conclusion there was a delay at this point, and that abrdn should have contacted Uptel to state that wrong form had been submiteed is not unreasonable.

Additionally, once all the relevant paperwork had been submitted to abrdn on 31 May 2024, it took until 21 June 2024 for the funds to be released to Mr P. Both our investigator and abrdn themselves concluded that this was an unacceptably long period of time.

In assessing these three areas of delay our investigator concluded that there were 34 working days of avoidable delays, and that the funds should have been released to Mr P on 7 May 2024 rather than 21 June 2024.

It is impossible to know exactly what would have occurred, and when exactly Mr P would have received his funds had abrdn acted differently during the chain of events outlined above. It is my role to consider what is most likely to have occurred based on the principles of fairness and reasonableness.

Overall, I do not consider the alternative timeline proposed by our investigator to be unreasonable or unfair, as such I am not making any changes to it.

In assessing what redress would be appropriate given the delays identified I have considered Uptel's commentary stating that an annuity purchase was delayed as a result of abrdn's actions, and that missed annuity payments should be factored into any redress.

However, the documentation on file confirms that the annuity was ultimately purchased in May 2024, with Mr P using funds from elsewhere to compete the purchase. As such, whilst abrdn should have acted more quickly at points during the timeline above and should have provided Mr P with his investment proceeds sooner, I do not believe the delays attributable to abrdn materially impacted the date of the annuity purchase.

Even if abrdn had acted more appropriately, it would still have been May 2024 when the investment proceeds were released, with the annuity also ultimately being purchased (albeit using funds from elsewhere) in May 2024. As such, no annuity payments were missed as a result of abrdn's actions.

The redress instructions below are in line with those previously provided by our investigator as I believe these adequately compensate Mr P for the delays caused by abrdn which led to him being deprived of his investment proceeds for a period of time.

Putting things right

Fair compensation

My aim is that Mr P should be put as closely as possible into the position he would probably now be in had there been no delays to the payment of his investment proceeds.

In line with what I have said above, whilst I have decided that abrdn's did make errors, and should have acted differently, I have concluded that delays attributable to abrdn ultimately did not affect the purchase of Mr P's annuity.

I would like to note that it is impossible to know exactly when Mr P would have received his investment funds had abrdn acted differently, however, I have concluded that what I have set out below (based on what I have explained above) represents a fair outcome in this case.

What must abrdn do?

To compensate Mr P fairly, abrdn must:

- Pay interest on the investment proceeds between 7 May 2024 and 21 June 2024 to take into account the delay caused. Interest should be applied at a rate of 8% per year simple to reflect the fact that Mr P was deprived of his investment proceeds over this timeframe. This payment should be adjusted to take into account the £144.33 already offered to cover a proportion of this overall delay period.

- Abrdn should also make the payments already offered to Mr P to cover the distress and inconvenience caused (if it has not already done so).

My final decision

In line with what I have said above, I am upholding this complaint and require abrdn Fund Managers Limited to calculate and pay redress in line with the methodology provided.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 June 2025.

John Rogowski
Ombudsman