

The complaint

Mr P has complained about delays caused by Threadneedle Investment Services Limited trading as Columbia Threadneedle (“Threadneedle”) selling 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 Threadneedle 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 which transpired in this case was laid out in detail in the findings issued by our investigator. Whilst no agreement could be reached in relation to the outcome communicated, the timeline of events itself was not questioned by either party. As such I have only included a summary of the dates I consider key in this case.

- 23 February 2024 - The instruction to sell the investments was received by Threadneedle. The investments were sold on this date.
- 26 February 2024 – Threadneedle wrote to Uptel requesting documents for Mr P.
- 4 March 2024 – Threadneedle received the documents they had requested.
- 8 March 2024 – Threadneedle wrote to Uptel and requested further documentation required given their status as a Private Corporate Company.
- 8 March 2024 - Uptel provided the requested documentation.
- 26 March 2024 – Threadneedle wrote to Uptel requesting further information, including an Entity Self Certification form.
- 28 March 2024 – Threadneedle wrote to Uptel requesting additional information including a Wolfsburg Questionnaire (“WQ”).
- 2 April 2024 – Uptel provided the Entity Self Certification form.
- 8 April 2024 – Uptel registered their complaint with Threadneedle.
- 5 April 2024 – Uptel provided Threadneedle with a Due Diligence Review form (rather than a WQ).
- 18 April 2024 – Threadneedle again requested a WQ from Uptel.

Threadneedle issued their complaint response on 22 April 2024. This accepted that there had been an administration error which had led to a short delay in the processing of the

requested transactions and offered a £100 payment as a gesture of goodwill. This letter explained that Threadneedle believed they had to complete all their money laundering checks before any monies could be released so did not consider the time taken to complete these checks an avoidable delay. It was also explained that further information remained outstanding at that time.

- 26 April 2024 – WQ received by Threadneedle from Uptel.
- 10 May 2024 – Uptel provided an updated WQ containing further information.
- 16 and 17 May 2017 – Uptel provided further information around their industry classification and industry type.
- 20 May 2024 – Threadneedle confirmed that all their requirements had been met with the investment proceeds paid into the appropriate bank account that day.

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

Whilst under investigation by this service Threadneedle accepted that they could have handled things better and offered Mr P an additional £500.

Our investigator looked into things and concluded that Threadneedle had caused delays of around 14 working days which could have been avoided. To rectify this, our investigator said that Threadneedle should pay interest on the investment sale proceeds for this delay period in addition to the amounts already offered.

Whilst our investigator concluded that there had been unnecessary delays, they also explained that businesses are entitled to request any information necessary to satisfy their anti-money laundering requirements. In this case Threadneedle were entitled to request a WQ and as such the time taken in providing and assessing this information could not be held against Threadneedle.

In response to the findings issued, Threadneedle simply noted their acceptance of the outcome.

Uptel for their part did not agree. They stated that some of the anti-money laundering checks were not required and Threadneedle's requesting of this unnecessary documentation had caused delays in excess of the 14 days identified by our investigator.

Additionally, Uptel said that the redress should consider the delayed funds were to be used to purchase an annuity, and as Mr P had missed out on annuity payments as a result of the delays, these missed payments should be included in 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 in 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”

Having looked at the chain of events above I agree with our investigator in that the most significant delay appears to have been caused by Threadneedle’s actions on 8 March 2024.

At this point Threadneedle were fully aware of the parties involved in the transaction and should have established and requested all the information they required from each party at that time - rather than requesting only partial information initially, followed up with additional requests over the subsequent weeks.

Had all the information Threadneedle required been requested in one go, at this earlier time, it is reasonable to conclude that Mr P / Uptel would have provided this sooner, allowing the funds to be paid out more quickly.

All of the information Threadneedle required had been requested by 28 March 2024, and in line with the delay identified by our investigator I have concluded it is this 14-working day period which Mr P must be compensated for.

I have considered carefully Uptel’s additional commentary stating that they did not believe all the documentation requested by Threadneedle was required, and that the requesting of this unnecessary paperwork further delayed the withdrawal process.

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.

In response to the redress recommendations made by our investigator, Uptel have stated that the delay in paying investment proceeds led to a delay in setting up an annuity and resulted in Mr P missing out on annuity payments.

However, there were other investments monies which Mr P / Uptel required to complete the annuity purchase. In this case, even if Threadneedle had not caused any unnecessary delays, those other funds would still not have been available to Mr P.

As such, ultimately, whilst Mr P should have had access to these funds sooner, the annuity purchase was unaffected by any errors attributable to Threadneedle.

Having reached this conclusion, the redress instructions included in this decision are in line with those previously provided by our investigator and require Threadneedle to pay interest on the investment proceeds for the delay period.

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 Threadneedle did make errors, and should have acted differently, I have concluded that delays attributable to Threadneedle 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 Threadneedle 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 Threadneedle do?

To compensate Mr P fairly, Threadneedle must:

- Pay interest on the investment proceeds between 30 April 2024 and 20 May 2024 to take into account the 14-working day 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.
- Threadneedle 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 Threadneedle Investment Services Limited trading as Columbia Threadneedle Investments 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

