DRN-5170173

Financial Ombudsman Service

The complaint

Mr J has complained about the handling of his request to transfer his pension benefits by Equiniti Financial Services Limited.

What happened

Mr J had a self-invested personal pension ('SIPP'). The assets under the SIPP were held with Equiniti, who also provided the dealing facilities. The SIPP provider was James Hay. In April 2023, James Hay received a request to carry out an in specie transfer of the SIPP holdings to a new provider, Interactive Investor ('II'). This request was passed on to Equiniti to arrange the transfer of the assets to II.

In May 2023 having been sent a list of the SIPP holdings, II confirmed that it would accept them in its SIPP. But Equiniti then explained that there was a problem with the transfer because of a particular holding, which I will refer to as P shares. Mr J had previously received P shares as the result of a corporate action in 2013. It was explained to Mr J that the shares were held in physical form overseas with a bank in a vault.

Following correspondence it had with Equiniti, on 2 June 2023 James Hay told Mr J that the P shares could neither be sold nor transferred because they were physically held in a vault. It said that Mr J could gift the shares to charity, or it could arrange a partial in specie transfer to II, with the P shares remaining on the James Hay SIPP. James Hay said that £1,000 would need to be held back in cash to cover ongoing fees on its SIPP. On 6 June Mr J responded that he was not happy with the options James Hay was offering. He said that II had confirmed it could accept the P shares in specie, and he suggested that it should be possible to convert the shares to an electronic holding.

There followed communication between all parties involved in the transfer request. Equiniti was in contact with the overseas bank which had oversight of the P shares held in the vault.

Mr J complained to Equiniti on 1 November 2023 about the length of time the transfer was taking. On 28 November Equiniti responded that the P shares had been delisted from the market, and as a result it needed to get the approval of James Hay about what to do with the stock in respect of the SIPP transfer. Equiniti again mentioned the possibility of gifting the shares to charity. It said that James Hay had not provided approval for the SIPP transfer to go ahead, and it suggested that Mr J should contact James Hay directly about this. Equiniti stated that as a gesture of goodwill, it would waive all future custody fees on Mr J's account.

Around the same time, James Hay asked Equiniti if it was possible to dematerialise the P shares. Equiniti responded that it didn't think it was, but it said it would check with its relevant team and respond. Equiniti also told II that it was waiting on James Hay to confirm if a partial transfer without the P shares being included was possible.

On 27 December 2023 II said that it was cancelling the transfer due to the length of time it had taken to date without it being completed. It asked Mr J to request the transfer again once James Hay and Equiniti had confirmed the stock transfer could proceed. On 10 January 2024 II emailed all the parties confirming that the transfer was again to take place.

All stock aside from the P shares was to be transferred, and discussions about how to arrange this for the P shares was said to be ongoing.

On 19 January 2024 James Hay told Mr J that Equiniti had found a solution for the P shares issue whereby they could be moved into a depot from where they could be transferred to II. It was said this would require wet signatures and original copies of documents and so would take a number of weeks, but it was hoped this could be resolved by Easter.

In February 2024 Mr J complained to Equiniti again about the time taken to carry out the transfer, and he expanded on his complaint in an email on 9 April 2024 sent to both Equiniti and James Hay.

Equiniti responded on 23 April that it had been in contact with both the overseas bank and the registrar of the P shares attempting to convert them to an electronic holding, in order to transfer them to II, but it had faced some complications. It said that this involved the physical posting of forms and collection of relevant signatures. Equiniti also stated that it was awaiting authorisation from James Hay that a partial transfer of the SIPP holdings could go ahead whilst the P shares were converted, although it expected to receive this shortly. Equiniti confirmed it would not be deducting further fees. To reflect the amount of time the transfer had taken, it offered a payment of £200 to Mr J.

Mr J brought a complaint to this service. He said that Equiniti and James Hay were blaming each other for the delay in the transfer, and that he'd been unable to manage the SIPP for a year. Mr J commented the value of his SIPP holdings may have changed during the transfer delay, and in particular the price of the P shares might have fallen. He also suggested that as registrar, Equiniti should be able to easily convert the P shares to an electronic holding. Mr J added that he'd been paying fees to II, despite the fact that it did not yet have any of his holdings in its SIPP.

On 3 June 2024 Equiniti confirmed that the P shares were in a state which allowed them to be transferred, and in July 2024 it was confirmed that all stock in the SIPP had been transferred to II.

In his assessment of the complaint, our investigator stated that Equiniti was required to take instructions from James Hay as the SIPP provider, and it was not until November 2023 that James Hay had asked Equiniti to look into the option of dematerialising the P shares. He also accepted that due to the shares being held in a vault overseas, Equiniti required the assistance of other parties to progress the dematerialisation. However, the investigator concluded the transfer had taken too long.

The investigator's view was that Mr J had not suffered a financial loss as a result of the delays because as an in specie transfer, the stocks were not 'out of the market'. He also said that in his view, Mr J had still been able to trade during this period if he'd wanted to, including using cash accrued in the SIPP. With regard to the fall in the value of the P shares, the investigator did not consider Equiniti to be liable for this because Mr J had wanted these to be transferred to the II SIPP in specie. He agreed that Equiniti had caused unnecessary difficulties to Mr J due to the delays, but felt the £200 sum it had offered, together with refunding custodian fees, represented fair compensation.

Mr J disagreed with the investigator's findings. He said that both Equiniti and James Hay had provided contradictory information about the transfer, relating to where the P shares were located, whether they could be converted to an electronic holding, and whether they could be sold. Mr J questioned why it had been suggested the shares could be gifted to charity, and highlighted that he'd been asked to leave £1,000 in the James Hay SIPP to cover future fees for the holding of P shares if a partial transfer of the other holdings had taken place. He said both James Hay and Equiniti were responsible for the fall in value that occurred with the P shares whilst the transfer was delayed. Mr J also said that the evidence showed it was apparent he'd had ongoing discussions with James Hay and Equiniti since he'd requested the SIPP transfer about either transferring or selling the P shares.

The investigator confirmed that this complaint would be passed to an ombudsman for review.

I should explain that Mr J has also brought a complaint to this service about the actions of James Hay in this matter, and that has been considered under a separate case reference.

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.

It is clear that the transfer of Mr J's SIPP assets to II took significantly longer than it should have done. Under this complaint, I need to consider whether the actions of Equiniti in this matter caused any financial loss to Mr J, and also whether it caused him any unnecessary difficulties.

Equiniti held Mr J's SIPP assets on its dealing platform, and consequently it needed to arrange the conversion of the P shares into an electronic holding. At the same time, it had to take instructions in relation to the transfer from James Hay as the SIPP provider, and it also needed third parties to take certain actions in order to dematerialise these shares. Consequently Equiniti was reliant to some degree on other parties in order to convert the P shares from a certificated form. In terms of what happened when these shares were transferred in 2013 so that they were held on Equiniti's platform, my view on balance is that it was reasonable for Equiniti to accept them as a certificated holding at that time.

In offering compensation to Mr J, it appears that Equiniti accepts that it bears some responsibility for the length of time it took for the transfer to be carried out. Mr J has said that the transfer delays prevented him managing his SIPP assets, and that their values may have fallen. However, as Mr J chose to request an in specie transfer, it seems that his intention was to keep the holdings that he had in his SIPP. And from the evidence provided, it does not seem to me that the delay in transferring the assets prevented Mr J from trading on his account.

In particular Mr J says that the fall that occurred in the value of the P shares was caused by Equiniti and James Hay delaying the transfer, and he has asked that he be compensated for that. That's because he says he would have sold these shares if the transfer had completed earlier.

Mr J has referred to conversations with Equiniti and James Hay about such a sale. I have carefully considered his comments, including what he has said about frustrations with the transfer encouraging him to want to sell the P shares. But looking at the content of the communications between Mr J, Equiniti and James Hay that have been provided from this time, I'm not persuaded it's been shown that Mr J was looking to sell the P shares prior to their transfer to the II SIPP. On balance it seems to me that Mr J asked for these shares to be transferred in specie because he wanted to retain them in the II SIPP. Consequently I do not consider it would be fair to require Equiniti to compensate Mr J for the fall in the value of the P shares which occurred whilst he waited for the SIPP transfer to complete.

During the course of the transfer being arranged, Mr J suggested that as registrar, Equiniti should be able to dematerialise the P shares. However my understanding is that Equiniti was not the registrar for these shares. Equiniti did agree to waive custody fees and I consider that was fair, taking into account the length of time the transfer took. However based on my reasoning above, my view is that Equiniti did not cause Mr J any further financial loss as a result of its handling of the transfer request.

I do consider that Equiniti has caused Mr J unnecessary distress and inconvenience, due to the amount of time and effort he has had to expend seeking completion of the transfer. Mr J has also highlighted inconsistent information he was given about the P shares, including the suggestion that they could be gifted to charity. But taking into account awards made by this service on cases with similar circumstances, on balance I consider Equiniti's offer of £200 compensation fairly reflects the difficulties it has caused Mr J as a result of its handling of his transfer request.

My final decision

Equiniti Financial Services Limited has already offered £200 compensation to Mr J in relation to its handling of his transfer request. I understand that this amount has been paid to Mr J, and I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 10 April 2025.

John Swain
Ombudsman