

## The complaint

Mr J complained about the service Capital Professional Limited trading as Ascot Lloyd (Ascot) provided to him relating to the transfer of his Personal Pension from one provider (Scheme A) to another (Scheme B) for the purchase of an annuity.

He believes Ascot caused a delay in the transfer process leading to him receiving a lower level of income from his annuity. He would like to be compensated for this loss.

Mr J is also unhappy with the overall level of service provided by Ascot, and the charges he has paid in relation to these.

## What happened

I issued my first provisional decision to this complaint in July 2024, parts of which are copied below and form part of this decision.

*Mr J held a personal pension with Scheme A, with benefits held in two separate sub accounts with the same main account number. In late September 2023, he contracted with Ascot to provide him with advice on achieving an income from these benefits via an annuity after taking a tax free cash lump sum. Ascot recommended taking an annuity from Scheme B. It completed an application form and sent this to Mr J on 27 September 2023 for his signature.*

*Mr J contacted Ascot the following day, unhappy that it had not hand delivered the form to him or given him the option to collect it himself. He signed and returned the form to Ascot by hand on 29 September 2023. Mr J subsequently became aware that Ascot had amended part of the information contained in the form to include the two sub account references relating to his account, without informing him that it had done this.*

*Ascot sent the form to Scheme B on 2 October 2023, the next working day. Scheme B replied to Ascot on 4 October asking for some further information as follows:*

*Thank you for the Standard Annuity Application in the name of Mr [J] receive on 2 October 2023. The policy number for future reference is [redacted]. In order to secure the annuity rate in our quotation dated 22 September 2023, we must be in receipt of the annuity purchase price by 5 November 2023 and the annuity purchase price received must be within 10% of the price quoted.*

*Unfortunately, we have not requested the funds as we are still currently outstanding some critical requirements. These are as follows:*

- 1. To continue, we require confirmation that these Policies come from the same scheme and have the exact same PSTR number. If so, could you please provide us the PSTR number. If this is not the case, we may only accept these combined funds as an IVPP (Providing both are uncrystallised) or as two separate OMOs providing each fund alone is over £10,000.*
- 2. We have used the agency number (\*\*\*\*\*) on the quote. Please confirm if this is*

*correct.*

*Ascot provided the required information that same day.*

*Scheme B then entered the information from the application form to origo and sent a single transfer request covering both accounts to Scheme A on 11 October 2023. Scheme A contacted Scheme B on 17 October 2023, rejecting the request and asking for the single origo request to be resubmitted as two separate origo requests, one for each sub account.*

*Scheme B informed Ascot of the rejection the same day, asking for more information, which Ascot once again provided the same day. Scheme B then resubmitted two requests to Scheme A the following day, 18 October 2023.*

*Scheme A processed the transfer requests on 23 October 2023, in line with its internal service levels. Ascot called Scheme A for updates on the status of the transfer on 26, 27 and 30 October and was told that the trades were progressing on each occasion.*

*Ascot called Scheme A again on 31 October and was informed that the trades had settled the payment was being processed and would be sent by CHAPS. The payment was issued to Scheme B on 1 November 2023, which confirmed to Scheme A it had received the funds on 3 November and requested some final information, which Scheme A provided the same day. Ascot also called Scheme A on 3 November to check the status of the transfer.*

*During this time, Mr J had also been in contact with Ascot on 23 October, concerned that it would not be possible to complete the annuity purchase before the next scheduled drawdown payment was due on 28 October. He was advised by Ascot on 24 October that the drawdown payment in October would not be made. In an email that same day, Mr J detailed to Ascot his dissatisfaction with the service it had been providing him up to that point.*

*Mr J complained to both Scheme B and Ascot as he felt that they had both contributed to a delay in the transfer and subsequent annuity purchase which had caused him a financial loss. He also complained about aspects of the service he had received from Ascot. Mr J subsequently complained that as income tax had been deducted from his annuity payment and he was not currently a taxpayer, this had caused him a further financial loss. In total, Ascot registered three separate complaints on 1 November, 14 November and 30 November 2023.*

*Mr J and Ascot communicated by email on a number of occasions before Ascot responded to his complaints on 6 February 2024.*

*It did not uphold his complaint points. In terms of the complaint that Ascot had provided incorrect details on the application form, it refuted this and provided Mr J a copy of the form it had sent to Scheme A on 2 October 2023 showing the correct (and previously corrected) account details.*

*It also stated that it was unable to offer to hand deliver documents as Mr J had wanted, and that it had no authority relating to the deduction of income tax as all providers have to follow guidance provided by HMRC.*

*Although Ascot did not uphold Mr J's complaint points, it acknowledged that its communication with Mr J could have been better and offered him £200 as a gesture of goodwill. Mr J was unhappy with this and Ascot subsequently increased this offer to £300.*

*Scheme A also replied to the complaint that Mr J had brought against it. It also did not uphold his complaint, saying that it believed it had made no errors and processed the transfer in line with its service standards and had not caused any delay.*

*Unhappy with this response, Mr H brought his complaint to our service. Our investigator reviewed the information provided by both parties and formed the view that a delay to Mr J's transfer was the result of a lack of due diligence by Ascot, which resulted in a financial loss for which Ascot should compensate him. The investigator did not agree with Mr J's other complaint points and did not suggest any payment or refund of fees would be appropriate in the circumstances.*

*Mr J was unhappy with this view, as was Ascot, and so the complaint has been passed to me to make a final decision.*

Following my provisional decision, Mr J responded with a number of comments. He wanted to clarify aspects of his complaint and that he had complained about both Ascot and Scheme B as he was unsure which of them was responsible for his loss.

His comments prompted me to review the evidence and my decision once more. Having done so, I sought further information and clarification on the transfer from Scheme A.

Scheme A responded to clarify that it would always request separate origo instructions when making transfers that relate to crystallised accounts or subaccounts. It explained that a delay of three working days was incurred before it cancelled the origo request that Scheme B had submitted on 11 October. This was while it clarified that the request had been made for uncrystallised funds, when in fact the funds that had been requested were crystallised and so needed two separate origo requests, rather than both account numbers being submitted on the same request.

Accordingly, I issued a second provisional decision in November 2024, revising my original provisional decision. Mr J responded to my second provisional decision to accept it. Mr J also made some requests for clarification about my decision and was concerned that I had not imposed a deadline on Ascot in terms of paying the compensation that I had determined. He also asked for some clarification about the way in which the compensation should be calculated. Ascot did not respond, and so I shall issue my 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.

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Having done so, and having considered the additional evidence provided by Scheme A, I have reached a different conclusion to my first provisional decision and uphold this complaint along the lines of my second provisional decision.

In my first provisional decision, I said:

*I will explain how I have reached my conclusions.*

*Firstly, I think it's important to reflect upon the role of this service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to compensate a customer for any financial loss and distress and inconvenience they have*

suffered a result. In the circumstances of this case, Mr J believes that his pension transfer was delayed by the actions, inactions and errors caused by Ascot.

To decide whether I think this is indeed the case, I have examined the timeline of the transfer. As the investigator noted, there were three parties involved in the process, Scheme A, Scheme B and Ascot. Each of these parties had different responsibilities in terms of this transfer. I think it's reasonable to describe their responsibilities in broad terms as being as follows:

**Ascot:** To provide the necessary information to enable the transfer to take place without delay.

**Scheme A:** To check that the transfer has been correctly requested, security and regulatory checks completed and the funds transferred to Scheme B in a timely manner.

**Scheme B:** To request the transfer from Scheme A in a timely manner and to invest the funds as directed once they are received.

Each of these parties also should have a reasonable time to complete each stage of the process. I can see that Scheme B, in its own response to Mr J's complaint, indicated that it aimed to process a transfer within ten working days once it had all the information it required. I don't have any information about the service standards Scheme A adheres to, but I think it reasonable to assume that these are similar to Scheme B.

I'll now look at each stage of the process in turn:

I can see that Ascot sent the application form to Mr J for his signature on 27 September. I can appreciate Mr J's desire to complete the transfer as quickly as possible, but I don't find that it would be reasonable to expect Ascot to hand deliver this to him, as this is not a service that it offers to its clients. I can also see that Mr J returned this to Ascot by hand on 29 September, so I can't see that there was any delay introduced at this stage of the process.

Ascot then sent the completed form to Scheme B on 2 October 2023, the next working day, so I can't see that it caused a delay at this point either. I note that Ascot had made a change to the account details without drawing it to the attention of Mr J, but I can't see that this clarification would have added any delay to the process.

Having received the application form, Scheme B checked that it had all the information it needed. It conducted this check on 3 October, before asking Ascot for some further details to allow it to process the request and send it to Scheme A on 4 October. I can't see that this is an unreasonable length of time for this to take. I can see that Scheme A identified two pieces of outstanding information and requested these from Ascot, which provided them on the same day. Given this, although I can see that Ascot may have made an error in not providing the information on the original application form, I can't see that this would have caused a delay in the process.

The next stage of the process was the submission of the transfer application between Scheme B and Scheme A. I can see that it was submitted on 11 October 2023 by Scheme B, which is five working days after it received the information from Ascot. As I noted earlier, Scheme B has submitted evidence to show that its standard processing time for this is within 10 working days, so this step was completed five working days faster than its standard service levels. At this point of the process, I disagree with our investigator who found that it was Ascot's responsibility to ensure that Scheme B correctly processed the origo transfer as part of its due diligence process. I cannot agree with this – I think it's fair and reasonable that

*Scheme B should be responsible for correctly submitting the transfer request via origo once it is satisfied that it has all the information it requires.*

*This application was rejected by Scheme A on 17 October 2023, a further five working days later, as only one application was received for the two sub accounts. Scheme A required one transfer request for each sub account, and Scheme B contacted Ascot to request some more detailed information to allow it to do this. Ascot provided the information the same day, and the two new origo applications were sent to Scheme A on 18 October 2023. I can't see that this caused an undue delay to the overall timeline, as the first submission was completed five working days sooner than anticipated. As the original request was rejected and the new applications correctly submitted the following same day, I can't see that there was any element of delay introduced by Ascot here either.*

*Scheme A then began to process the transfer three working days later. Ascot contacted Scheme A on 23, 25, 26, 27 and 30 October to check progress on the transfer. On 31 October, Ascot again contacted Scheme A and was told that the payment would be sent by CHAPS the following day. Given the efforts Ascot made during this period, I think it's fair and reasonable to find that it acted in a manner to expedite the transfer as quickly as possible and is not responsible for any element of delay in this part of the transfer.*

*Overall, the process took 25 working days with day 1 being when Ascot dispatched the forms to Mr J. I can see that Ascot responded quickly to every information request it received from Scheme B and that each of the three key stages (Ascot submitting the forms to Scheme B, Scheme B checking and submitting all the required information to Scheme A and Scheme A processing the transfer and sending the cash to Scheme B) took less than 30 working days.*

*In summary, and looking back over the stages of the process, I can't see that Ascot has introduced any undue delay into the process, so I can't hold it responsible for any loss that Mr J suffered between submitting the application form on 29 September and the receipt of his benefits by Scheme B on 1 November 2023.*

*I've also carefully considered the role of Scheme B in the transfer process and Mr J's complaint against it that was resolved earlier in the process. Although Mr J did not disagree with the investigator's view prior to it being closed, I can see that he has more recently expressed misgivings that it should not be held responsible for any element of the delay and only Ascot be held responsible. I've reviewed the file on this complaint and agree with our investigator's conclusion that Scheme B appears to have processed this transfer in line with its service standards and has not introduced any delay into the process.*

*Overall, I can see that the transfer was processed in time to ensure that Mr J was able to benefit from the annuity rate that Scheme B had offered. Mr J's view is that his financial loss arose because the value of his funds fell during the time his transfer was being processed. It is standard practice that funds are valued at the point at which they are sold, not at the time the sale is requested. As I can't see that Ascot caused an undue delay to the transfer, it follows that I don't think it's fair to hold them responsible for the fall in value of Mr J's funds during the transfer process.*

*In the circumstances of this complaint, however, it is also important to note that Ascot agrees that it has made mistakes which have caused Mr J distress and inconvenience and which it has acknowledged. In particular, I can see that Mr J was unhappy that Ascot altered the application form he had already signed, although as discussed above I do not find that it caused any delay to the process. Ascot has also paid Mr J £300 compensation in respect of these mistakes, so I must also decide whether I think he has been fairly compensated in this respect.*

*To do this, I've considered the mistakes Ascot has made and the effect these have had on Mr J. When deciding if I believe that a proposed level of compensation is appropriate, I have to consider the guidelines this service have published to ensure consistency and fairness of awards as well as the impact the mistakes have had on Mr J and his wellbeing. In the circumstances of this complaint, I find that the payment of £300 that Ascot has already made to Mr J is fair and reasonable in the circumstances and also in line with the guidance this service has published.*

*In terms of the other complaint points Mr J raised, about the deduction of income tax from his annuity payments, I find that Ascot has not done anything wrong in this regard either. Organisations have to operate according to the guidelines they are given by HMRC, and any overpayment of income tax can be reclaimed by Mr J at the end of the tax year.*

*Given this, I won't be asking Ascot to do any more than it has already offered to resolve this complaint.*

Following my review, and consideration of the additional evidence from Scheme A, outlined in my second provisional decision in November 2024, I changed my decision to find that Ascot is responsible for a delay to Mr J's pension funds and uphold his complaint. My reasons for this are as follows:

On balance, I find that the delay to the transfer of Mr J's funds was caused by the rejection of the original origo request. This request was rejected because Ascot had not informed Scheme B that the funds to be transferred had already been crystallised. As mentioned above, Scheme B had told Ascot on 4 October 2023:

*we may only accept these combined funds as an IVPP (Providing both are uncrystallised) or as two separate OMOs providing each fund alone is over £10,000.*

I find that if Ascot had told Scheme B that the funds were crystallised at this point, Scheme B would have acted differently and submitted two separate origo requests, rather than a single request with both account numbers.

Given this, I have concluded that Ascot was responsible for this element of the delay, which was of five working days. Consequently, the transfer should have been completed five working days earlier, on 25 October 2023 rather than 1 November 2023.

As Mr J accepted my second provisional decision, and Ascot did not reply by the deadline for responses, I will now consider how Ascot should compensate Mr J. Following my second provisional decision, Mr J also asked for clarification of how the redress calculation should be carried out. For the purposes of the calculation, Ascot must assume that the first origo request submitted on 11 October would have been successfully processed five working days earlier than it actually was, so on 18 October 2023 rather than 25 October 2023. The transfer would then have been completed on 25 October 2023, rather than 1 November 2023. If Ascot requires any information from Scheme A about the fund valuations on these dates, it should seek this directly from Scheme A.

Mr J was also concerned that my decision does not give a deadline by which Ascot should provide him with his compensation. This service does not provide set deadlines for a firm to settle a compensation payment, but requires it to pay interest on any outstanding amount of financial redress at the rate of 8% per annum simple, to encourage the complaint to be settled in a timely manner.

## Putting things right

It is my intention and the aim of this service that any compensation for financial loss should seek to put Mr J back into the position he would have been in were it not for Ascot's error.

To compensate Mr J fairly, Ascot must:

- Compare the actual performance of Mr J's funds during the calculation period with the notional value if they had been transferred without delay i.e. the transfer completed on 25 October 2023 rather than 1 November 2023.

Compare the actual value of Mr J's benefits with the notional value of the funds that should have been transferred if the transfer had completed on 25 October 2023.

If the actual value is greater than the notional value, no compensation is payable. If the notional value is greater than the actual value, there is a loss and compensation is payable.

- If there is a loss, Ascot should transfer this amount into Mr J's pension with Scheme B to increase its value by the amount of the compensation and any interest due. The amount paid should allow for the effect of charges and any available tax relief. Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.
- Ascot should add interest to this amount at the rate of 8% per annum simple from the date of my final decision until the date of settlement.
- If Ascot is unable to pay the compensation into Mr J's pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the compensation should be reduced to notionally allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount – it isn't a payment of tax to HMRC, so Mr J won't be able to reclaim any of the reduction after compensation is paid.
- The notional allowance should be calculated using Mr J's actual or expected marginal rate of tax at his selected retirement age.
- It's reasonable to assume that Mr J is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr J would have been able to take a tax free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.
- If either Ascot or Mr J dispute that this is a reasonable assumption, they must let us know as soon as possible so that the assumption can be clarified and Mr J receives appropriate compensation. It won't be possible for us to amend this assumption once any final decision has been issued on the complaint.
- Provide details of all calculations to Mr J in a simple, easy to understand format.
- Pay Mr J £300 in respect of the distress and inconvenience Ascot's errors have caused him.

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### **My final decision**

For the reasons explained above, I uphold Mr J's complaint.

Capital Professional Limited trading as Ascot Lloyd should pay Mr J the sums calculated above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 17 January 2025.

Bill Catchpole  
**Ombudsman**