

The complaint

Mr L complains that Halifax Share Dealing Limited (“HSDL”) mistakenly sent information about his pension account with the firm to another customer. And he also complains that HSDL failed to complete the in-specie transfer of his pension savings to another provider in a timely manner.

What happened

Mr L held pension savings with HSDL. In early 2024 Mr L discussed transferring some pension savings he held with another provider to his pension plan with HSDL. But it appears that HSDL mistakenly sent an email containing details of Mr L’s pension plan, and proposed transfer, to another customer.

As a result of the data breach, Mr L decided to transfer his pension savings from HSDL to another provider. It seems that transfer didn’t proceed as quickly as it might have. HSDL uses a third party to administer its self-invested pension plans (“SIPPs”). When Mr L made his transfer request there was a mismatch between the address held for him by HSDL and the third party. And there was also an outstanding administration charge that Mr L needed to provide funds to cover before the transfer could be completed.

The transfer of Mr L’s pension investments to the new provider wasn’t completed until 25 March. Mr L said that as a result of that delay his pension savings missed out on a £2,000 cashback offer being made by his new provider that expired on 29 February. So he complained to HSDL both about the data breach and the delays to the transfer.

HSDL didn’t provide a formal response to Mr L about the data breach – it has later said that it discussed the problem with Mr L on a telephone call at the time and he was happy with the explanation. But HSDL did tell Mr L that it didn’t think it was responsible for any delays in the transfer being completed. So it told him that it wasn’t able to offer any compensation for the missed cashback offer. Unhappy with that response Mr L brought both aspects of his complaint to us.

Mr L’s complaint has been assessed by one of our investigators. She thought that HSDL was responsible for some delays on the transfer, and they had caused Mr L to miss out on the cashback offer. So she asked HSDL to pay some compensation to Mr L for the missed cashback. The investigator also thought that both the delayed transfer and the data breach would have caused Mr L some distress and inconvenience. So she asked HSDL to pay a further £450 to Mr L in that regard (£200 for the delays and £250 for the data breach).

HSDL didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Mr L accepts my decision it is legally binding on both parties.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr L and by HSDL. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Since our investigator issued her assessment on the complaint, Mr L's new pension provider has confirmed to us that another transfer Mr L made around the same time means he qualified for its cashback offer after all. And Mr L has recently confirmed that he has now received the cashback. So that means any delays caused to the transfer from HSDL didn't cause Mr L to lose out on the cashback offer.

And it is also important to note that Mr L's transfer from HSDL was made in-specie. That means that his pension investments were transferred to the new provider without being sold. Making a transfer in that way means that a customer faces no exposure to market price movements during the transfer process. But Mr L has told us that the delays to the transfer meant that he was unable to make changes to his pension investments, and that this caused him losses.

I've thought carefully about that part of Mr L's complaint. It is easy, with the benefit of hindsight, to consider changes that could have been made to pension investments. But it would be very difficult for me to consider representations of that nature to provide a fair and reasonable picture of what might have happened. Mr L hasn't shown us anything to make me think that any changes were pre-planned, or that he was following an investment strategy that might have made changes of that nature inevitable. So I don't think it fair to conclude that changes Mr L might have made, but didn't due to the delay, have caused him losses that HSDL should compensate him for.

But I am satisfied that there were some limited delays in the transfer process that were the responsibility of HSDL. It doesn't seem to me that HSDL adequately communicated with Mr L about the steps he would need to take to ensure that his administration charges were funded by the sales of investments he held. And it wasn't Mr L's responsibility to ensure that the addresses held by HSDL and the administrator it appointed for his SIPP matched. So I do think it reasonable to conclude that the transfer could have happened a little quicker.

However, based on what I have said earlier about the estimation of any losses Mr L suffered, I don't think I need to quantify exactly how long any delay was. I am satisfied that it is reasonable to not award any investment related compensation for any delays. So the compensation I will now go on to consider is for the distress and inconvenience that Mr L was caused.

There is little doubt that Mr L was inconvenienced both by the confusion over the need to manually fund his SIPP to cover any accrued administration charges, and the discrepancy in the addresses held by HSDL and its appointed administrator. I don't think that inconvenience was large, but it was certainly present. So in line with my normal awards in circumstances such as these I think a compensatory payment of £200 would be reasonable.

As I said earlier, HSDL provided some information about Mr L and his proposed transfer to a third party. Mr L became aware of that issue in an email he was sent by HSDL, and he later discussed the matter with the firm by telephone. I have listened to a recording of that call.

I don't share HSDL's conclusion that Mr L considered the matter closed at the end of that call – he said he would need to go away and think about things further. But even if he had said he was satisfied at the end of the call, that wouldn't prevent Mr L from bringing the matter back to HSDL, or to us. He didn't accept any resolution in full and final settlement, and as I've said earlier HSDL didn't provide him with a formal response to that part of his complaint. So there is nothing to preclude Mr L asking us to look at this.

HSDL has admitted it sent Mr L's personal information, including his email address, postcode, telephone number, account number, and other pension provider. It wasn't unreasonable for Mr L to consider that amount of information might have been sufficient for a dishonest third party to gain access to the account he held either with HSDL or the other provider.

Fortunately, it doesn't seem that any misuse was made of the information HSDL disclosed in error. But that doesn't reduce any distress that Mr L would have initially experienced. So, like our investigator, I think some further compensation is warranted. I agree with our investigator that a further payment of £250 would be fair and reasonable here.

Putting things right

HSDL should pay a total of £450 to Mr L as compensation for the distress and inconvenience he has experienced as a result of the delays to his pension transfer and the release of his personal information to a third party.

My final decision

My final decision is that I partially uphold Mr L's complaint and direct Halifax Share Dealing Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 May 2025.

Paul Reilly
Ombudsman