DRN-5184743

Financial Ombudsman Service

The complaint

Mr B complains that True Potential Investments LLP (True Potential) caused avoidable delays to the transfer of his pensions to a provider I'll refer to as provider P. He felt this had led to a financial loss.

What happened

Mr B had two personal pension policies (ending 00009 and 00179) administered by True Potential under a single plan. After having consulted with an independent financial advisor (IFA), he asked for his pensions to be transferred to a single Self-Invested Personal Pension (SIPP) with provider P.

True Potential received three separate transfer requests for Mr B's policies through Origo on 6 June 2023. Two were in respect of policy 00009 and one was for 00179. The form for policy 00179 and one of the forms for policy 00009 contained the answer: "*No*" to the question "*Drawdown to Drawdown Transfer?*". But the other form for policy 00009 requested a transfer of approximately £310K and contained the answer: "*Yes*" to the question "*Drawdown to Drawdown Transfer?*". True Potential marked these as "out of scope" on 8 June 2023. It noted the following reason on Origo:

Plan has mixed holdings. Please submit one request only for this policy requesting both uncrystallised and crystallised funds on the same request.

Provider P then contacted Mr B and his IFA about the Origo message. In the meantime, it submitted a new Origo request to True Potential on 13 June 2023. This was again made as three separate requests – two for policy 00009 and one for 00179. But this time I understand all three of the requests contained the answer: "*Yes*" to the question "*Drawdown to Drawdown Transfer?*."

Mr B's IFA called provider P on 14 June 2023 as he felt there weren't any Drawdown funds included in the transfer.

True Potential told this service that this request was submitted correctly. And that it was waiting for a review before provider P cancelled the request on 22 June 2023. Provider P cancelled this request as it said it discovered a data entry error with it.

Mr B's IFA emailed True Potential on 14 June 2023 about the mixed holdings. His email stated:

Will you please confirm the exact value of both uncrystallised and crystallised funds held within the above account. You already have an LOA on file I look forward to hearing from you.

I understand that the IFA was told it could take 15 working days for an answer. But as the IFA and Mr B were sure that policy 00179 was all uncrystallised, provider P was asked to submit the request again.

On 22 June 2023 provider P submitted the following note with the new transfer request:

As per the confirmation received from our financial advisor, "The funds are uncrystallised" so we request you to please proceed with the transfer.

The request was again submitted in three parts. But contained the answer: "*No*" to the question "*Drawdown to Drawdown Transfer?*."

True Potential again marked the request as "out of scope" on 27 June 2023, citing the same reason as before on Origo.

On 29 June 2023 provider P submitted a further transfer request, again containing the answer: "*No*" to the question "*Drawdown to Drawdown Transfer?*". It added the following note on Origo:

Please can you provide breakup for uncrystallised and crystallised funds so we can re-request or advice FA/PH accordingly.

True Potential added its own note to Origo on 30 June 2023 in reply. This said:

The request you submitted on 13/06 was awaiting review and was submitted correctly, however as you have cancelled that down and resubmitted again incorrectly we are unable to proceed until you submit another correct request.

True Potential told provider P on 30 June 2023 that Mr B had Tax-Free Cash (TFC) available which would be lost on transfer. It asked whether this should be paid to him.

Provider P made a further request on Origo on 3 July 2023. This was again for three separate policies. I understand that all three of the requests contained the answer: "*Yes*" to the question "*Drawdown to Drawdown Transfer?*." Provider P cancelled this request the same day as it said it discovered a data entry error with it.

Provider P said Mr B's IFA called it on 5 July 2023 to say he'd spoken to True Potential and it'd confirmed how the funds should be requested. The IFA had then sent provider P an email to confirm that the whole transfer amount should be dealt with under one request.

Provider P emailed True Potential, copying Mr B's IFA, on 5 July 2023. It asked it to provide the split between uncrystallised and crystalised for policy 00179.

True Potential replied to Mr B's IFA's 14 June 2023 information request on 7 July 2023. It said the crystallisations splits were £316,898.80 (crystallised) and £674,020.83 (uncrystallised). Mr B's IFA forwarded this information to Provider P the same day.

Mr B's IFA emailed provider P on 7 July 2023. He said he'd spoken to True Potential, and that provider P needed to claim all funds using policy number 00179, with a note added to Origo that the application was to include policy 00009, quoting that number.

Provider P then made a further request through Origo on 11 July 2023 for 00179 with a note saying that the request also included 00009. True Potential added a note to Origo on 14 July 2023 to tell provider P that once it received a separate request for 00009 the transfer of both policies would be actioned. This request was cancelled on 18 July 2023, with a note on Origo stating that this was due to a data entry error.

Provider P emailed True Potential again on 18 July 2023 to ask it to confirm the crystallised and uncrystallised amounts it should use for both policies.

Provider P made a further request through Origo on 18 July 2023. The request for 00179 contained the answer: "*No*" to the question "*Drawdown to Drawdown Transfer?*" True Potential added the following note onto Origo on 19 July 2023:

Plan has mixed holdings. The request you submitted on 13/06 was submitted correctly and we left that open awaiting a correct request for xxx00009. However you have now cancelled down the correct request for 00179 and submitted incorrectly. As we now have a correct transfer request for policy 00009, this will be processed when we received a new correct request for 00179.

True Potential said it received a correct request for 00009 on 18 July 2023.

Provider P then submitted a request for 00179 on 20 July 2023 which contained the answer: "*Yes*" to the question "*Drawdown to Drawdown Transfer?*". True Potential accepted that request the same day.

On 20 July 2023, Mr B raised a complaint with True Potential. He felt it was obstructing his transfer. He said that it'd told provider P to submit the transfer request as one entity. But when it'd done this, True Potential had rejected it, and said it needed to be submitted as two requests. Mr B said that when provider P had done this, True Potential had rejected it again. Mr B also felt that True Potential was wrong to claim that his smaller account had crystallised funds. He felt this was concerning as it showed True Potential wasn't in control of his funds. He said he wanted the transfer to go ahead as soon as possible. And that he wanted True Potential to compensate him for the charges and fees he'd had to pay.

True Potential added a note to Origo on 1 August 2023. This said that the TFC would be lost on transfer. And asked how to proceed. Provider P replied the same day, after speaking to Mr B's IFA, to say that the TFC should be paid to Mr B and then all remaining funds transferred. I understand that the £5,250 TFC was paid to Mr B on 18 August 2023.

Mr B said that provider P had told him that the TFC must be transferred to him before his transfer to it. So he contacted True Potential again on 4 August 2023 about his TFC. He asked it to confirm that it would be transferred as soon as possible.

On 4 August 2023, True Potential sent a message to Mr B to tell him that his transfer had been rejected as provider P had submitted its request incorrectly. It said it'd told provider P and was waiting for another request. And that it couldn't go ahead with the transfer until it received that.

Mr B contacted True Potential again on 5 August 2023. He felt it wasn't progressing his complaint. He also said that his funds had fallen in value over the past week. He said he would be looking for compensation for this as he felt that it'd been caused by the continuing transfer delays.

Provider P added a note onto Origo on 8 August 2023, asking True Potential for an update on the transfer. It added a further note about this on 14 August 2023.

I understand that provider P spoke to True Potential on 15 August 2023. And that it was told that Mr B's Origo request was still in the queue to be dealt with, with no timescale being given. Mr B messaged True Potential to complain about this.

Mr B still wanted to know:

- Why, after having told provider P to put the transfer request in one submission, did True Potential then reject that? And why had it then told provider P to place the transfer request in two submissions, but then reject that too? He wanted to know why the transfer was taking so long.

- Why True Potential had told provider P that there were crystallised funds in his second pension, when there weren't. He felt this showed that True Potential wasn't keeping correct records.

- What was happening with his TFC.

- Mr B wanted True Potential to compensate him for his financial losses.

True Potential replied to provider P's 8 August 2023 query through Origo on 21 August 2023. It said that the transfer had been processed and payment would be made on 31 August 2023.

True Potential then transferred £86,817.29, which provider P received on 31 August 2023. It also transferred £885,381.62, which provider P received on 4 September 2023.

True Potential issued its final response to the complaint on 11 September 2023. It didn't think it'd done anything wrong. It said provider P had submitted the transfer requests incorrectly several times and it was this that had led to the transfer being delayed. It also said that each time an incorrect request had been submitted, it'd informed provider P why it'd rejected the request. It said it'd received the correct request for policy 00009 on 13 June 2023. And that as it'd also received an incorrect request for policy 00179, it had left the correct request open, while waiting for a correct request for the other policy. True Potential said that provider P had later cancelled the correct request. It said it couldn't allow the transfers to go ahead until it'd received the correct instruction, as this would've been classed as a partial transfer and caused tax implications for Mr B.

True Potential also said it'd made Mr B aware that he had TFC remaining, and said this would've been lost on transfer if not withdrawn. It said Mr B had asked for this to be paid before the transfer was completed. It said that the payment of the TFC had then allowed it to action the transfer. It felt that as it'd paid the funds to provider P on 31 August 2023, it'd met its expected timeframes.

Unhappy, Mr B brought his complaint to this service. He said he'd been told the transfer would take around three weeks, but no longer than one month. But it'd taken almost three months. He felt True Potential had been slow and unresponsive. And that it'd blamed provider P for all of the delay.

Mr B felt he'd lost £35,335.88 as a result of the delay, based on the value of his pensions on 13 May 2023 and the amount transferred.

Our investigator felt that for a pension transfer, the onus was on the receiving scheme to accurately submit the request. She felt that acceptable requests hadn't been made until 18 July 2023 (policy 00009) and 20 July 2023 (policy 00179). She therefore didn't hold True Potential responsible for any transfer delays.

Our investigator felt that True Potential had caused an avoidable delay to the payment of the remaining TFC. She said that it'd confirmed it'd been aware of this on 8 June 2023. But that it didn't let provider P know about it until 30 June 2023. Having not received a response, it'd then contacted provider P again on 1 August 2023.

Our investigator felt that True Potential should've reasonably let provider P know about the TFC by 13 June 2023 – two to three working days from its initial awareness. And that the

TFC should then have been paid to Mr B ten working days later, on 27 June 2023. She felt it could've contacted Mr B or his IFA directly to ask them whether the TFC should be paid. She said that once Mr B's IFA had been informed of the remaining TFC, he'd replied the same day. She therefore felt it was reasonable to assume the same hypothetical timeframe.

To put things right, our investigator said that True Potential should pay Mr B 8% simple interest on the delayed TFC, to recognise the time that Mr B had been deprived of his funds. She said True Potential should therefore calculate 8% simple interest on £5,250 between 27 June 2023, when the payment should've been made, and 18 August 2023, when it was actually paid.

Our investigator felt that True Potential should pay Mr B £100 compensation for the distress and inconvenience it'd caused him. She said this was in light of the delayed TFC payment. She also didn't think that True Potential had always provided a level of service that Mr B could reasonably have expected throughout the process. She felt it could've done more to alleviate the inconvenience on Mr B, stating that it could've provided clearer instructions. And that it could've replied to Mr B's IFA's information request sooner.

Our investigator had also issued her view on Mr B's complaint against provider P. She felt that it was responsible for the avoidable delays to his transfer. She said the transfer should've reasonably completed by 13 July 2023. She also explained why she felt the transferred funds should've been invested on 18 July 2023. And that these were the dates to be used for the loss assessment she wanted provider P to conduct, so that Mr B could be put back into the position he would've been in but for the avoidable delays. She also noted that as part of her recommendation, provider P would liaise with True Potential for the necessary information needed to conduct the loss assessment.

Mr B said that True Potential would be able to confirm his fund values. He told this service that he simply wanted to be made whole again. He said that as this was what our investigator was recommending through his complaint with provider P, he supported her view about True Potential.

True Potential accepted our investigator's findings. It said it would make the payments stated once it received this service's approval to do so. It also said it'd worked out the interest on the cash as follows:

*£5,250.00 * 0.08 = 420 / 365 days = 1.15 * 10 = £11.50. We have also removed 20% for tax purpose (calculated at £2.30) = £9.20*

Our investigator acknowledged both Mr B's and True Potential's acceptance of her view. But said she wouldn't instruct True Potential to settle the complaint as she'd set out due to the outstanding complaint with provider P, unless Mr B wanted her to.

Mr B said he'd like to wait for his complaint with provider P to be resolved before deciding on how to proceed with True Potential.

As agreement couldn't be reached, the complaint came to me for a review. I asked True Potential the following questions:

1. *You appear to have known that Mr B had residual tax-free cash from 8 June 2023. But the evidence shows that you didn't confirm this to Mr B, his IFA or provider P until the end of June 2023.*

    1.1. *What's your usual process where a client who wants to transfer away from you has residual tax-free cash? I'd specifically like to know at what point in the transfer* *process you expect to inform the client/IFA about the residual tax-free cash.*

1.2. *Mr B said that provider P told him that he must take his tax-free cash before his money could be transferred to it. Can I have your view on whether or not your failure to notify Mr B about the remaining tax-free cash for so long led to some of the delays?*

2. *The evidence appears to show that Mr B's IFA emailed you on 14 June 2023 to ask you to confirm: "the exact value of both uncrystallised and crystallised funds held within the above account." But that you didn't provide this until 7 July 2023. Please can you explain why this took so long?*

3. *The evidence also appears to show that it took you from 13 June 2023 to 30 June 2023 to confirm to provider P that its 13 June 2023 request had been submitted correctly. Why did it take you so long to confirm this?*

4. *Provider P told this service it correctly requested Mr B's funds from you on 7 July 2023. It said it then requested the funds the exact same way on 11, 17, 18, 20 and 24 July 2023. Provider P said that each of these five attempts were rejected by you until the sixth attempt on 24 July 2023. Can you comment on this please?*

True Potential responded as follows:

1.1. *We have previously stated that we could have informed both the client and their adviser that they could have been informed of the remaining tax-free cash sooner. Typically, we would inform the client of this upon receipt of a valid transfer request, which wasn't received until July 2023.*

1.2. *I would be inclined to agree that the delay to processing the payment of the remaining tax-free cash did cause a knock on delay to the transfer being processed.*

2. True Potential asked me to provide it with the evidence to support my allegation. I shared a copy of Mr B's IFA's email to True Potential dated 14 June 2023. And its 7 July 2023 response. I felt this showed that it took True Potential from 14 June 2023 to 7 July 2023 to provide the information requested. And that Mr B's IFA had passed it on to provider P as soon as he received it.

True Potential said:

I can confirm that at the time of the correspondence evidenced below, our LOA time was working to a 30 days SLA. This has since been reviewed and now stands at a 10 days SLA. In this instance, while I will state that the LOA team has responded within their Service Level Agreement, it is evident that this has since been improved upon.

3. *This was due to us waiting for another request for the account ending in x0179 after the previous request received on 13th June 2024 had been rejected. We received this on 29th June 2024 and it was rejected the following day on 30th June 2024, at which point we confirmed the request received for the account ending in x0009 was valid.*

4. *I can see no record that suggests the above. Previously we have provided an audit trail of all of the transfer requests received from provider P via Origo. I have reattached this for your discretion.*

The audit trail True Potential shared with this service had no record of there being a transfer request on 7 July 2023. It also shows provider P cancelled the 11 July 2023 request on 18

July 2023 due to a data entry error. There's also no record of a transfer request on 17 July 2023. The evidence shows that one of the two policies was accepted on 18 July 2023 and the other on 20 July 2023. There's no record of a 24 July 2024 transfer request.

I issued my provisional decision on 25 November 2024. It said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I intend to uphold it. In her view, our investigator didn't think True Potential shared responsibility with provider P for the transfer delays, but I don't agree. I'll explain why.

In terms of the avoidable delays to the transfer, our investigator told provider P that she felt the transfer should've reasonably completed by 13 July 2023. She said this was because when True Potential had marked the first request out of scope on 8 June 2023, provider P contacted Mr B and the IFA about the reason given, that is, the mixed holdings. She felt this was a reasonable course of action for provider P to take.

Then, following the response from Mr B's IFA, provider P submitted the request again on 22 June 2023. But when True Potential again marked the request out of scope on 27 June 2023 – citing the same reason as before - she felt it would've been more appropriate for provider P to call True Potential for clarity as to how exactly the requests should be submitted and why. Instead True Potential placed notes on Origo and sent multiple emails to provider P, Mr B, and the IFA.

Our investigator felt that if she allowed one to two working days for provider P to liaise with True Potential from the date of the 22 June 2023 request being rejected, we'd get to 29 June 2023. As she felt that cash pension transfers carried out through Origo should complete within 10 working days, she felt the transfer should reasonably have completed by 13 July 2023.

Our investigator also considered that it should've then taken up to five working days for the funds to be invested. So they should've been invested by 18 July 2023. She said it wasn't clear from the evidence provided when the funds were disinvested. She therefore recommended that provider P carry out a loss assessment using the dates above, noting that it would need to determine whether the amount transferred was more or less than what should've been transferred had the transfer taken place on 13 July 2023.

When the complaint came to me for a review, I asked both True Potential and provider P to provide me with further information.

Provider P told me that it tried to call True Potential on three occasions, with the first attempt being on 6 July 2023. This was a calendar month since the initial incorrect transfer request.

True Potential acknowledged that the delay to processing the payment of the remaining TFC: "did cause a knock-on delay to the transfer being processed." It also explained that while it responded within its service standards to Mr B's IFA's 14 June 2023, it had since shortened them from 30 days to 10 days.

Who is responsible for the avoidable delays to the transfer?

Looking at everything holistically, I agree with our investigator, and for the same reasons, that the transfers should've completed on 13 July 2023 with the funds invested on 18 July 2023. However, I'm of the view that both True Potential and provider P share the responsibility for the avoidable delays. I say this because I consider that the delays broadly *fall into three categories:*

1. *Those caused by the fact that provider P was having difficulty completing the Origo forms correctly.*

2. *Those caused by the outstanding TFC.*

3. *Other points in the process which I consider took longer than they should have.*

I think that both businesses share some responsibility for the delays in all three categories.

For 1., I consider:

- *Provider P could've tried to call True Potential for clarification on how to complete the forms much sooner than it did. I agree with our investigator that it should've called True Potential when it found out that its 27 June 2023 Origo request had been rejected.*

- *True Potential could've responded to Mr B's IFA's 14 June 2023 email asking it to specify the crystallised and uncrystallised split much sooner than it did. It only replied on 7 July 2023, 23 calendar days after receiving the request.*

- *True Potential said that provider P's 13 June 2023 request was correct. But that it was waiting to be reviewed at the time that provider P cancelled it on 22 June 2023. I note that provider P disputes that this request was correct.*

  The evidence shows that True Potential picked up the 22 June 2023 request on 27 June 2023, when it marked it as out of scope. I consider that this shows that if True Potential had actioned the 13 June 2023 request in the same timeframe as it actioned the 22 June 2023 request, that request could've been actioned before provider P had cancelled what it said was a correct request. There then wouldn't have been a delay to the transfer.

  I also note that True Potential didn't tell provider P that its 13 June 2023 request was correct until 30 June 2023. If it'd told it sooner, a new correct request could've been submitted sooner.

- *True Potential seems to have told provider P on several occasions that it needed the transfer request to be made under one plan, only to confirm in the end that it needed a request to be submitted for each of the two policies. I consider that True Potential could've been much clearer from the start about how the transfer should be requested.*

- *Having said that, it doesn't appear that provider P always followed the instructions True Potential gave it.*

- *True Potential could've generally been more helpful in trying to ensure the Origo form was completed correctly, rather than simply repeating the same message. And provider P could've made more timely efforts to identify how to correctly complete the forms.*

For 2., I consider:

- *True Potential could've made provider P aware of the TFC much sooner than it did. It could've raised this point as early as 8 June 2023, but it didn't raise it until 30 June*

2023.

- *Provider P could've responded to True Potential's 30 June 2023 request about how to proceed with the outstanding TFC much sooner than it did. Although it replied the same day to True Potential's 1 August 2023 chaser about this, it could've replied considerably earlier. I think this would've led to the TFC being paid much sooner, and the transfer could then have gone ahead much sooner.*

- *True Potential could've paid Mr B his TFC much sooner than it did. It was told on 1 August 2023 that Mr B wanted to have his TFC paid to him. But it didn't pay it until 18 August 2023.*

For 3., I consider

- *True Potential could've responded to provider P's 8 August 2023 update request, which it said it chased on 14 August 2023, sooner than it did. I understand it didn't reply until 21 August 2023.*

- *True Potential said on 21 August 2023 that the transfer had been processed. But it didn't make the payment until 31 August 2023. Our investigator asked True Potential to provide its service level agreements for this process, but I can't see that it's provided them. In any event, I consider that ten calendar days is too long for this part of the process.*

- *Provider P could've made fewer data entry errors in their transfer requests. The evidence appears to show that it cancelled three of the requests itself due to data entry errors. If these hadn't occurred, the transfer could've been processed much more quickly.*

Overall, I'm persuaded that both businesses have acknowledged that they are in part responsible for some of the avoidable delays caused. As such, and given the interaction of many of the delays I've identified each business caused, I consider that while I agree with our investigator on the date the transfer should've completed, I don't agree that provider P should be held solely responsible for the impact of that delay. Given the knock-on impacts of each business's actions on the other business, I intend to recommend that True Potential and provider P equally share the loss identified from the loss calculation our investigator has already recommended provider P should carry out.

I next considered when True Potential should've paid Mr B's TFC.

When should True Potential have paid Mr B's TFC?

Our investigator felt that the TFC should have been paid to Mr B on 27 June 2023. Neither True Potential nor Mr B have disagreed with this date. And based on everything I've seen, I consider it to be reasonable.

To put things right, our investigator said True Potential should calculate 8% simple interest on £5,250 between 27 June 2023, when the payment should've been made, and 18 August 2023, when it was actually paid.

True Potential said it'd carried out this calculation, but I don't think it's carried this out correctly. I therefore intend to ask it to pay Mr B £59.84 interest before tax, or £47.87 interest after tax, calculated as follows:

Length of delay: 52 calendar days

Simple interest at 8% each year for 52 calendar days = 52/365 X 8% = 1.1397%

*£5,250 * 1.1397% = £59.84*

After tax at 20% = £47.87.

I finally considered the distress and inconvenience caused.

Distress and inconvenience

Our investigator felt that True Potential should pay Mr B £100 compensation for the distress and inconvenience it'd caused him due to the delayed TFC payment and its poor service. But I consider that this level of compensation isn't enough. I say this because I'm persuaded that True Potential is also responsible for some of the avoidable delays to the transfers.

I consider that the transfer delays caused Mr B considerable frustration, inconvenience and concern. I therefore intend to require True Potential to pay Mr B a total of £500 for the distress and inconvenience it has caused him.

Overall, I intend to uphold the complaint. I intend to require True Potential to take the following actions:

- *Liaise with provider P to assess the financial loss Mr B has suffered due to the transfer delays. The loss calculation should be based on the position Mr B would be in at the date of any final decision if the transfer had completed on 13 July 2023 and the funds had then been invested on 18 July 2023. Any loss should then be split 50/50 between True Potential and provider P. And paid into Mr B's SIPP with provider P if possible.*
- *Pay Mr B £47.87 interest (after tax) in respect of the delayed TFC payment.*
- *Pay Mr B £500 compensation for the distress and inconvenience caused.*

Response to my provisional decision

Mr B accepted my provisional decision.

True potential accepted my provisional 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.

As I've not been provided with any new information, I remain of the view set out in my provisional decision.

Putting things right

What True Potential Investments LLP must do

To compensate Mr B fairly True Potential Investments LLP must:

- Work with provider P to establish what the funds transferred would've been worth if the transfer had completed on 13 July 2023. Provider P must then use that value to calculate what Mr B's pension would be worth at the date of my final decision if the transfers had taken place on 13 July 2023 and the funds then invested on 18 July 2023. This is the notional value.

- Any additional sum paid into Mr B's SIPP should be added to the notional value calculation from the point in time when it was actually paid in.

  Any withdrawal from SIPP should be deducted from the notional value calculation at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there is a large number of regular payments, to keep calculations simpler, I'll accept if provider P total all those payments and deduct that figure at the end to determine the notional value instead of deducting periodically.

- Compare the notional value with the actual value to establish the loss caused by the delays.

- If there is a loss, the compensation amount should if possible be paid into Mr B's pension plan. Half of this compensation amount should be paid by True Potential Investments LLP, with the other half being paid by provider P. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

- If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr B as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

- If Mr B has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.

- Provide the details of the calculation to Mr B in a clear, simple format.

- Pay Mr B £47.87 interest (after tax) in respect of the delayed TFC payment.

- Pay Mr B £500 compensation for the distress and inconvenience caused.

If payment of compensation is not made within 28 days of True Potential Investments LLP receiving Mr B's acceptance of my final decision, interest must be added to the compensation at the rate of 8% per year simple from the date of my final decision to the date of payment.

Income tax may be payable on any interest paid. If True Potential Investments LLP deducts income tax from the interest, it should tell Mr B how much has been taken off. True Potential Investments LLP should give Mr B a tax deduction certificate in respect of interest if he asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

My final decision

For the reasons set out above, I uphold Mr B's complaint. True Potential Investments LLP must take the action detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or reject my decision before 31 December 2024.

Jo Occleshaw
Ombudsman