DRN-5186315

The complaint

Mr M complains about the way that Legal and General Assurance Society Limited (L&G) handled his request to transfer his pension to another provider.

What happened

Mr M held a pension plan with L&G.

In December 2023, he requested a transfer to another pension scheme.

On or around 27 December 2023, L&G sent Mr M an email in response to his request to transfer his pension. It explained that his transfer was being assessed in accordance with the provisions set out in The Occupational and Personal Pension Schemes (Conditions for Transfer) Regulations 2021. Those provisions require that one of two conditions need to be satisfied. In order that L&G could begin processing the transfer, it asked Mr M to confirm the following, so that it could establish an employment link:

- the date he commenced employment
- a letter from the employer confirming his employment and membership of the pension scheme
- a schedule of contributions made into the scheme by Mr M and his employer, along with confirmation from the employer that those contributions had been made as set out in the schedule
- payslips for the three-month period ending on the date the request to transfer was received
- copies of bank statements for the same period showing the deposit of salary.

L&G explained that the evidence could only be accepted directly from Mr M and that it couldn't proceed with the transfer without this information. Towards the bottom of its letter, it highlighted further information and warnings. It also referred to other places where Mr M could get useful information from.

Mr M responded soon after. He confirmed the start date of his employment but said he found L&G's other questions "*extremely intrusive".* He said he was transferring to a bona fide scheme provided by his current employer, so he questioned why L&G asked for other confidential information that had nothing to do with it.

Mr M sent a further email to L&G on or around 3 January 2024, having heard nothing further to his previous communication. Again, he referenced L&G asking him for confidential information.

L&G responded on 8 January 2024. It explained that it was required to substantiate evidence of employment in line with The Occupational and Personal Pension Schemes (Conditions for Transfer) Regulations 2021 given that Mr M was intending to transfer to an Occupational Pension Scheme. Whilst it appreciated its request might be inconvenient, it said it was a regulatory process. It suggested Mr M get in touch if he had any questions.

Mr M responded on 10 January 2024. He said he'd investigated what was industry standard evidence to help effect the transfer. He said he was satisfied that the letter he'd attached (which he'd password protected) showing he was in the scheme with payments being made from his employer was acceptable evidence. He repeated that it wasn't industry standard to ask for payslips and bank statements. Mr M said he was "*appalled"* at the service provided by the transfers out department, especially as he hadn't received a call back from a manager as promised. Mr M indicated he'd be making a complaint if he didn't hear from L&G soon.

It appears that Mr M spoke with a L&G manager on 11 January 2024 and raised some concerns.

L&G then responded on 12 January 2024. Whilst it acknowledged Mr M's frustration, it didn't agree that its information requests were intrusive. It said it was required by law to check whether the transfer request met one of two new statutory conditions. Whilst establishing an employment link is a regulatory requirement that it has to adhere to, it said it can, on occasions proceed without all the information requested if it receives acceptable evidence. For example, if payslips showed all the information needed, then they'd likely be sufficient. But it said it couldn't proceed without the information it needed. L&G did accept though that its communication had been poor on occasion. For example, there was a delay in responding to Mr M (between 28 December 2023 and 8 January 2024) when he'd said he'd found the information request intrusive. To recognise the poor communication, L&G paid Mr M compensation of £50. It said that once Mr M returned the information requested, it would prioritise the transfer and ensure he hadn't lost out as a result of any delays on L&G's part. As noted above, Mr M had already responded by that point.

Mr M responded the same day and said, amongst other things, that he'd already provided evidence to demonstrate an employment link. Having read the legislation, he said he didn't think he was required to provide bank statements and payslips. He asked L&G to confirm it had enough information to complete the transfer.

L&G responded on 15 January 2024 stating it couldn't open the document Mr M provided, as it was password protected (Mr M had provided the password with his previous communication). It also said its transfer team didn't recall receiving any information previously. It asked Mr M to forward his original email. Mr M provided the information again.

L&G confirmed the following day that it had reviewed the information Mr M provided. It was satisfied it was sufficient for the purposes of completing its due diligence. So, its transfers team had been instructed to proceed with the transfer. L&G confirmed on 22 January 2024 that it had sent a payment of £63,371.12 to the new provider.

Mr M said that the amount transferred to the new provider was lower than it should have been. He pointed out the difference in unit prices had the transfer been done in December 2023 when it was first requested. Mr M felt the amount transferred should have equalled £65,145.51, so he said he expected a payment of £1,774.39 to be made in respect of the shortfall.

L&G said it had used a disinvestment date of 18 January 2024. It estimated the earliest it could have sent the payment to the new provider was 17 January 2024, taking account of the fact it received information from Mr M on 15 January 2024. It therefore estimated that Mr M had lost out by £252.72. It didn't agree that Mr M would have been entitled to the unit price in December 2023, as its disinvestment policy is that it uses unit prices two working days after it receives the information it needs. It added that no transfer value is guaranteed, as the values will fluctuate daily.

Correspondence between Mr M and L&G continued. Mr M didn't think L&G had accounted for the fact that it gave him inaccurate information about the evidence it needed to establish an employment link. Had that not been the case, he said he could have supplied the information he did on 28 December 2023, allowing the transfer to go ahead much earlier. He said it took repeated calls and emails to establish that L&G wasn't following industry standard. Mr M felt at the very least L&G should be using unit prices as at 2 January 2024 (in line with its own processing times). He asked L&G to confirm it would make the necessary adjustments and pay him the additional amount that was due.

In its response L&G confirmed, amongst other things, that Mr M wasn't entitled to unit prices on 28 December 2023. It reiterated that its calculation should have been based on unit prices as at 17 January 2024.

Further correspondence was exchanged between Mr M and L&G. L&G repeated some of its previous answers, including that it accepted (and had compensated for) the fact it delayed in responding to correspondence. It explained that its helpline staff (who Mr M had spoken to) dealt with general queries. More complex queries around the due diligence process should be directed to its Due Diligence team to deal with. L&G said it was confident it had followed the regulations when dealing with Mr M's transfer request.

Mr M maintained that L&G's communications hadn't been clear. He was adamant that the evidence he provided met the industry standard. So, he felt that if L&G had been clearer about what was required, his transfer could have completed by about 2 January 2024. L&G gave similar responses to those it had given previously.

In a follow up response sent on 9 February 2024, Mr M noted his concern that L&G couldn't find the email he'd sent on 10 January 2024.

Even though L&G hadn't been able to trace Mr M's email of 10 January 2024 having been received sooner (and it had launched an internal investigation about this) it said it was satisfied that the evidence he supplied was sufficient for its purposes. So, it concluded that it would have been able to complete the transfer by 13 January 2024. If that had happened, the transfer would have been based on a unit price of 209.08p. Therefore, L&G calculated that Mr M had lost out by £1,035.65 overall. As it had already paid £252.72, it said it had arranged for a further £782.93 to be paid to the new provider. It also said that if Mr M believed he'd lost out on investment growth with his new provider, it would be happy to review the matter again on receipt of further information (I've seen nothing to suggest that Mr M indicated there was a further loss here).

Mr M didn't accept L&G's responses, so he complained to the Financial Ombudsman Service.

One of our Investigators was assigned the complaint. He was satisfied that L&G acted in line with the legislation and supporting guidance when asking Mr M for evidence to establish an employment link. And that it acted reasonably when agreeing to backdate the transfer to 13 January 2024, based on the information Mr M sent a few days earlier. But he felt there had been other shortcomings on L&G's part, including the way it handled certain communication, causing Mr M to chase things up. The Investigator recommended that L&G make an additional compensation payment of £100 in respect of the impact of these things.

L&G accepted the Investigator's opinion, but Mr M didn't. Our Investigator responded to Mr M's points, but ultimately he wasn't minded to change his opinion. As no agreement could be reached, the complaint was passed to me to decide.

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.

I appreciate Mr M's strength of feeling concerning the matters leading to this complaint. He's referred to numerous errors and poor business practices on L&G's part.

It's important to make clear upfront that we're not the regulator. So, my role here isn't to take direct action in respect of any wider concerns that Mr M might have. Neither is it to punish L&G in respect of anything that may have gone wrong in relation to his pension transfer. It's to review what happened in order to decide whether L&G acted fairly and reasonably overall. If I don't find that it has done so, it's my role to direct what L&G needs to do to put things right for Mr M.

I've listened to Mr M's call with our Investigator after he'd issued his initial assessment. Mr M does now appear to accept some of what our Investigator said. Specifically, he agrees L&G followed The Pensions Regulator's (TPR) guidance when asking for all the information to establish an employment link. Given that there's acceptance to this extent, I don't think it's necessary for me to describe TPR guidance in detail, as Mr M is clearly already familiar with what it says.

Mr M's focus is that if L&G had explained at the outset that it could accept a reduced amount of evidence to demonstrate an employment link, he'd have provided his response earlier. His point again being that the transfer would likely have gone ahead sooner and would probably have been based on higher unit prices. As this is an issue that's still contested, I'll address this particular point below when explaining my findings.

Should L&G have told Mr M upfront that it didn't need all of the evidence to establish an employment link?

I do understand the point Mr M is making here. Given what eventually happened, that is L&G allowed the transfer to proceed on a reduced amount of evidence, I can see why he might think L&G might have been overzealous in what it asked for at the outset. Indeed, Mr M says that L&G later admitted to him over the phone that it didn't need everything it initially asked for. I appreciate how important this matter is to Mr M. However, while I understand his viewpoint, that doesn't mean I think L&G has treated him unfairly.

I say that for a few different reasons.

First, as Mr M now accepts, the requirement as per TPR guidance was that the following should be obtained when trying to establish an employment link:

- *A letter from the member's employer confirming the member's continuous employment. This should include the date that the member's continuous employment began, that they are a sponsoring employer of the receiving scheme and confirmation that contributions on the schedule of contributions have been paid and the dates of those payments.*
- *A schedule of contributions or payment schedule showing the contributions due to be paid by the employer and by or on behalf of the member in the last three months and the due dates.*

- *Payslips for three months, or other evidence in writing, confirming the member's salary (including any commission, bonuses or other amounts paid) is above the lower earnings limit for National Insurance.*
- *Copies of bank or building society statements or passbook showing the deposit of salary from the employer for the last three months.*

The guidance doesn't suggest that this is an either/or list. That means that, at the outset, it isn't open to a provider as a matter of course to choose which items to ask for. Rather, it's expected to ask for the complete list of evidence as a starting point when trying to establish an employment link. Given that's what happened here, I can't fairly say that L&G did anything wrong.

However, TPR guidance also suggests that providers should take a risk-based approach to their decision making. I've taken this to mean that if a provider like L&G receives any information, it's expected to assess it carefully in order to determine whether it is sufficient for its purposes or whether it needs to complete further due diligence. On a practical level, I think that means it's expected to strike an appropriate balance between protecting the member's pension from potential harm, by asking appropriate questions when it identifies a risk, and not putting unnecessary obstacles in the way of a potential transfer. However, if it does identify a risk, it's expected to respond to it.

I thought about this in the context of what happened in Mr M's case.

Mr M was clearly concerned about the level of information L&G asked for as he said he found it intrusive. He also didn't feel it conformed to best practice. As far as he was concerned, industry best practice suggested that an employer letter setting out the relevant details was sufficient without the need for him to provide payslips. Again I can see his point. But as L&G clearly accepted evidence short of what it asked for, he thinks it should have told him it was willing to do that sooner – especially as it apparently admitted by phone later on that it didn't need everything it asked for.

I haven't listened to the call with L&G that Mr M refers to although I have no reason to doubt his account of what was said. But even if I had, that alone wouldn't persuade me that L&G had done anything wrong. I say that for a few reasons.

Again, in order to show that it had followed TPR guidance, the starting point for L&G had to be to ask for everything set out in the guidance. It didn't receive the evidence it asked for. Instead, Mr M provided what he deemed to be acceptable evidence. That happened on 10 January 2024.

Here, even though it wasn't everything L&G asked for, I wouldn't expect L&G to ask for the rest of the information, without first assessing what Mr M provided. I'm satisfied that's what it did here and that its actions were in keeping with the risk- based decision making that TPR requires. I think that was a reasonable step to take. But it then had to decide, based on the evidence it received, whether there were any risks present. And if it did identify a risk, as I've indicated above, it would have been expected to act upon it by gathering more information or thinking about its next steps. L&G was evidently satisfied with the evidence Mr M provided so it decided to approve the transfer.

Mr M makes the point that L&G was expected to consider if the transfer was low risk based on any evidence he provided. His understanding accords with what I've set out above. And from everything I've seen, that's precisely what happened.

But the key difference as I see it is that L&G could *only* consider the presence of any risks once it had received some information from Mr M. It couldn't have known about what risks did or did not exist until it had received sufficient information to make a reasoned assessment. So, I don't agree that it ought to have told Mr M upfront about the possibility of accepting reduced evidence as I don't think it could have been sure about that.

It's worth adding that it's a fairly typical part of the due diligence process that additional information requests become apparent once a provider like L&G assesses any information it's already received. So, given that Mr M didn't respond until 10 January 2024, in my opinion, that was the first point at which L&G could fairly assess whether it had what it needed to complete the transfer. And given that, it follows that I don't agree the transfer could have been completed sooner and so should have been based on unit prices from early January 2024.

An added point that Mr M makes is that if L&G staff understood what was needed in terms of evidence, then he'd likely have got to the point more quickly where an industry standard letter was deemed sufficient to complete the transfer. He doesn't think the set up was good enough for a market leader like L&G. As far as I can tell, this issue arose in the context of Mr M raising queries about the information request and L&G subsequently explaining to him that its general helpline deals with general queries only. More specific queries could be referred to its Due Diligence team if needed.

Notwithstanding Mr M's obvious frustration here, I don't think the arrangement L&G describes is an unusual one and neither do I think the set up had any bearing on whether L&G would have asked him for everything it did, in terms of evidence, at the outset. For the reasons I've already outlined, I think it was always going to be the case that L&G's starting position would be to ask for all the evidence that the TPR guidance indicates is required. So, I don't agree that Mr M was disadvantaged here.

It's also worth saying that whilst it's not for me to say how L&G should structure its business, I think the set-up is similar to many other similar organisations. In any event, I think L&G's response was reasonable. I've seen nothing to suggest the arrangement caused Mr M any disadvantage overall, as I'm satisfied there was expertise available within the wider organisation to address any queries Mr M had.

Has L&G fairly recognised any delays it's responsible for?

Notwithstanding what I've said above, it's clear that things weren't plain sailing even once Mr M provided information to enable L&G to determine the employment link.

L&G initially approved the transfer around 22 January 2024 using a disinvestment date of 18 January 2024. However, when Mr M raised concerns, it looked into things again. It then agreed to revise the date on the basis that it thought Mr M had first provided information on 15 January 2024 (it was earlier than this), so it said that the earliest it could have completed the transfer was 17 January 2024. It then worked out that Mr M had suffered a loss of £252.72, which it paid to the new provider. It also explained to Mr M why he wouldn't have been entitled to unit prices in late December 2023/early January 2024.

However, these steps didn't take account of the fact that Mr M provided his information to L&G on 10 January 2024 (L&G said it couldn't find Mr M's information on its system). In these circumstances I think it was reasonable for L&G to ask Mr M to provide the information again. Based on that, it decided that the earliest date it could have completed the transfer was on 13 January 2024. And it then calculated that Mr M had lost out by £1,035.65 overall.

So, as it had already paid an additional £252.72, it then paid a further amount of £782.93 to make up the further shortfall.

I've thought about whether L&G's actions went far enough here. And broadly speaking, I think they did. As I said above, L&G didn't receive any information from Mr M until 10 January 2024. So, as it deemed that information acceptable for its purposes, I'm satisfied that, in line with its internal policy, the earliest it could have completed the transfer was a couple of days later. L&G said the date it used was 13 January 2024. Whilst not material to the overall findings I've reached, I've assumed this was a typo and it actually meant 12 January 2024 given that 13 January 2024 was a weekend. As L&G has paid a further amount into Mr M's plan, I'm satisfied that it has already done enough to put right the loss it caused here.

Does L&G need to take any further action now?

In addition to the delays that I've mentioned above, Mr M has raised other concerns, those include L&G not being able to locate the information he provided about the employment link; and its delays in responding to certain communications.

I can see that L&G has recognised some of these service issues, including its failure to respond to Mr M's concerns about the employment link information request until 8 January 2024. I'm mindful that the events concerning Mr M's transfer happened around a holiday period. But even allowing for that, I agree that L&G could still have responded a little sooner to Mr M's communication. And given his concerns about the nature of the information request concerning the employment link, I think it would have been frustrating for him to wait for a response. L&G paid £50 compensation in respect of its poor communication.

I think it's worth making the point here though that whilst no doubt frustrating for Mr M, I'm not persuaded that any action he decided to take thereafter (in terms of providing further information) was predicated on anything L&G did or didn't say in its response of 8 January 2024. I say that largely because L&G gave Mr M pretty much the same response it gave in December 2023 – that it needed all of the requested information to establish an employment link and that its request was being made in line with the 2021 transfer regulations. And Mr M had already made it clear that he didn't agree. So, rather than sending everything L&G asked for, Mr M opted to send only part of the information. Presumably that's something he could also have done earlier if he'd wanted to, even without waiting for L&G's response. So, beyond Mr M's frustrations in having to wait, I don't think there were wider implications arising from this delay.

But, I think there were other service failings on L&G's part. For instance, given that Mr M was already concerned about the nature of L&G's information request to establish an employment link, I can imagine it was all the more frustrating for him when L&G couldn't find the evidence he submitted. As far as I can tell, L&G never really got to the bottom of what happened. In those circumstances I can see why Mr M might find its record keeping concerning. That caused L&G to ask him to provide the information again. And whilst I think that was the right thing for L&G to do, I can still appreciate the added frustration caused to Mr M.

In summing up, I don't uphold the main thrust of Mr M's complaint. However, as I've indicated above, I do agree there were aspects of L&G's service that fell short. I think those things likely caused Mr M added frustration. L&G has since paid the additional compensation of £100 that our Investigator recommended (making £150 compensation in total). I'm satisfied the total compensation payment fairly reflects the impact of the shortcomings in L&G's service.

My final decision

I partially uphold this complaint. Legal and General Assurance Society Limited has already taken fair and reasonable steps to put things right, so I don't require it to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 April 2025.

Amanda Scott
Ombudsman