

The complaint

Mr W's complains that Integrated Financial Arrangements LTD trading as Transact (Transact) caused avoidable delays to the in-specie transfer of his Self-Invested Personal Pension (SIPP) from a provider I'll refer to as provider R to a provider I'll refer to as provider H. Mr W says these delays prevented him from investing his pension as he'd have liked during this time.

Mr W also has a complaint with this service about provider R. My decision here will only cover Transact's actions.

What happened

This background will cover the actions of Transact, provider R and provider H. But as noted above, this specific complaint is only against Transact. I'll therefore only comment on Transact's actions in this decision.

All of Mr W's SIPP funds were invested with Transact. It was responsible for sending the assets in-specie to provider H. Mr W wanted to complete a transfer of his SIPP with provider R to provider H.

On 10 July 2024, provider R received the transfer request from provider H.

On 11 July 2024, provider R emailed Mr W. It said it appeared he wanted to transfer his portfolio by in-specie transfer. As such, both he and provider H would need to complete the attached discharge form. Provider R said that once this had been completed and returned, the process could be started. The email also stated that in-specie transfers typically took about two months to complete.

On 12 July 2024, provider H sent the completed forms to provider R. It received them on 15 July 2024. Provider H also requested a list of Mr W's assets, which provider R sent to provider H on 16 July 2024. Provider H then sent confirmation of its acceptance of the assets to provider R on 23 July 2024. Provider R received this on 24 July 2024.

On 25 July 2024, provider R asked its trading team to start the in-specie transfer. That team then emailed Transact the in-specie request letter on 26 July 2024. Transact confirmed it'd received this.

Provider R received the original transfer authority in the post on 29 July 2024. Transact sent provider H a valuation of Mr W's portfolio and asked it to send its acceptance of the transfer and its re-registration details.

By 5 August 2024, provider H hadn't replied, so Transact chased it again, copying in provider R's trading team. It asked provider H to provide its valuation acceptance and its re-registration details.

Provider H replied on 7 August 2024. It said it'd already sent its acceptance. This appeared to refer to the acceptance it'd sent to provider R alone on 23 July 2024. Provider H attached

another copy dated 7 August 2024. Transact then started the in-specie transfer. However, it incorrectly keyed two assets, stating that for those two assets, only 100 units of each should be transferred instead of 100% of the units.

Also on 7 August 2024, provider R emailed Mr W to remind him that in-specie transfers could take a couple of months, noting that his IFA should've made him aware of this. It also updated him on what'd happened to date. It stated the following:

Please note [we] have very little input into this process, and the majority of the work is undertaken by the platform provider (Transact), and fund managers you are invested in. We have no influence or control over external providers turnarounds.

Mr W replied the same day to state that there was no excuse for the transfer of his assets to take very long as he felt they were straightforward holdings. He asked provider R to speak to Transact to get a clear timetable.

Transact said that 100 units in each of the two funds where it'd keyed the wrong number of units were transferred electronically to provider H as follows:

- On 7 August 2024: 100 units of Man GLG High Yield Opportunities Fund Prof C (Acc) (fund A);
- On 8 August 2024: 100 units of Artemis Corporate Bond Class I (Acc) (fund B).

Provider R then chased Transact on 9 August 2024. But its email didn't include the Transact portfolio number. Transact replied on 12 August 2024 to ask for this. Provider R then provided it later that day, pointing out that this had been in the letter sent on 26 July 2024.

On 12 August 2024, Transact emailed provider H to confirm it held all remaining funds in Certificateless Registry for Electronic Share Transfer (CREST) and confirmed the trade and settle dates.

On 16 August 2024, all the remaining funds were transferred to provider H except for the remaining units of fund A and fund B.

I understand that on 19 August 2024, Transact realised that it hadn't transferred all of Mr W's units in fund A and B. So it requested an electronic transfer for the remaining units.

Provider R emailed Transact for an update on the transfer on 23 August 2024. Transact replied the same day to explain its mistake. Its email set out how it was going to put things right. The email stated that provider R would need to take actions to amend its records.

Provider R emailed Mr W the same day to tell him what had happened. Mr W raised a complaint against both it and Transact. He said: "*given the recent market volatility I have been seriously disadvantaged by the incompetence of both firms and now have no idea when this matter will be resolved*". Provider R forwarded the complaint on to Transact. It asked Transact for clarification about what it needed to do. And to confirm that Transact had made the error, and that it was in the process of fixing it.

Provider R also asked Transact to resolve the error as soon as possible, given Mr W was already disappointed with how long the transfer was taking. It asked for a timescale of when Transact expected the transfer to be fully completed.

On 27 August 2024, provider H chased Transact for the outstanding assets. Transact replied the same day to confirm it'd sent the stock transfer forms and relevant documents for fund B

on 23 August 2024. It said the transfer should complete in the coming days.

On 28 August 2024, provider H asked Transact for an update on the transfer of the remaining units in fund A. Transact replied the same day to say that the transfer should complete in the coming days.

When Transact posted manual stock transfer forms to the fund managers for the remaining units held in fund A and fund B, it found that the funds couldn't be transferred electronically by the fund managers because the original electronic transfer of 100 units had completed. This meant it couldn't transfer any further units as part of that electronic transfer request. Transact emailed provider H to let it know the stock transfer forms had been sent to the fund managers by post. The remaining units in fund A then transferred to provider H on 30 August 2024.

The same day, Transact emailed Mr W with a timetable of what'd happened so far. It said it would send the cash on his portfolio following completion of the remaining assets. It said it would add £100 into his general investment account in recognition that its error had contributed to the overall transfer delays.

On 3 September 2024, Mr W chased provider R and Transact for an update. He'd noticed the fund value shown in his provider H account was incorrect. He also said that the £160K he'd had in cash in his portfolio hadn't transferred. He asked what was going on.

Transact said that the remaining fund B units were yet to complete. It said it was chasing this. It said the cash wouldn't be transferred until the in-specie transfer was fully completed. Transact said that if Mr W wanted, it could arrange for most of the cash to be sent ahead of the final in-specie transfer.

Mr W said he expected all his cash to be transferred immediately, with nothing held back for closing fees.

The remaining fund B units were transferred to provider H on 4 September 2024.

After further emails from Mr W and provider R, Transact confirmed on 5 September 2024 that provider H had now received the final units and was reconciling them. It said the cash element of the transfer should complete by 9 September 2024.

Provider H also separately updated provider R. It then asked Transact to send the cash to it and provide a closing statement and confirmation once the transfer was fully completed.

On 6 September 2024, Mr W emailed provider R and Transact. Although his remaining units in fund B had arrived, his cash hadn't. He was also still waiting for two provider R bonds to transfer.

Provider R said it was still waiting for the final funds from Transact. It said once it'd received those it would be in a position to complete the transfer.

Mr W asked why his two provider R holdings had yet to be transferred. Provider R said it was because a partial transfer out of a flexi-access plan wasn't possible, so all the funds had to transfer at once.

Transact emailed provider R later the same day to say it'd closed the portfolio and sent £159,844.60 in cash to it. Mr W then emailed both provider R and Transact to again ask why the two provider R funds hadn't been transferred.

On 9 September 2024, provider R chased internally for a transfer update. It transpired that it was still waiting for a closing statement from Transact.

Provider R's trading team then transferred the funds to provider R so they could be transferred to provider H as soon as it'd received the closing statement. Provider R sent Mr W an update to explain that it couldn't complete its part until Transact and provider H had completed the re-registration process and that just the closing statement was outstanding. Mr W was unhappy as he felt the delays had led to him being unable to use his cash to invest during the transfer period.

Transact then sent provider R the closing statement on 11 September 2024. On 12 September 2024, provider R confirmed the funds had been received from the trading team and the closing statement from Transact. £342,399.54 was transferred that day, completing the transfer.

On 12 September 2024 Mr W contacted provider R to say that the values on the closing statement weren't correct. He'd also understood that the two provider R funds would be transferred in-specie.

On 13 September 2024, provider R emailed Transact to ask it for clarification on the values in the closing statement. It asked it to look into this immediately. It wrote to Mr W to tell him that Transact had failed to call it back that day as promised, and that it'd failed to send it a corrected "Closing Statement". But it noted that the correct Transact value had been moved across to provider H.

Provider R told Mr W that his two provider R funds couldn't be transferred in-specie and that it hadn't yet had an update from Transact.

On 17 September 2024, Transact corrected its value discrepancy. It apologised for the cash value displayed on the transaction listing being incorrect. But confirmed that this had only been a cosmetic issue, noting that the correct amounts had been sent.

On 19 September 2024, Transact issued its final response to Mr W's complaint. It acknowledged the error it'd made when it'd only sent 100 units of fund A and fund B instead of 100% of both funds. But it felt that as this had been done as an in-specie transfer, there'd been no investment loss.

Transact said it usually expected an in-specie transfer to complete within 14 working days. Noting it'd taken from 7 August 2024, when provider H had confirmed its acceptance, to 6 September 2024 for the transfer to complete, it felt it'd delayed the transfer by approximately seven working days.

In addition to the £100 compensation Transact said it'd already offered Mr W, it said it would refund its fees for the period from 1 August 2024 to 6 September 2024.

Mr W felt Transact had acknowledged countless errors and delays. He felt that its compensation offer was derisory given his transfer was in excess of £1.3M. He didn't agree that he'd suffered no out of market loss. He said he'd been unable to change his fund selection or to use the cash element of his holdings to invest over the transfer period.

Transact told Mr W that in-specie transfers always led to a period of time while the assets were being transferred where a consumer wouldn't be able to change his investments. It said that over half of Mr W's portfolio had been transferred by 16 August 2024. It felt that he would've been able to change these assets with provider H at that point. It also felt that his cash could've been transferred before the asset transfers completed if it'd received an

instruction to do so. Transact noted that the cash earned interest at a rate of 4.74% while held with it.

Unhappy, Mr W brought his complaint to this service. He felt that the delays Transact had caused had led to him being unable to participate in the financial markets at a time of marked volatility. He also felt that the £100 compensation it'd offered him was derisory and not reflective of the size of his transferred funds.

Our investigator asked Mr W to confirm if he immediately invested the cash once it had been transferred on 12 September 2024. Mr W provided a listing showing a number of investment transactions starting from 16 September 2024. But he felt his list wasn't a fair indication of what he might or might not have done if his funds had arrived earlier. He said he would've been active in "*the mini-correction*" he felt investment markets had at the beginning of August 2024.

Our investigator felt Transact had caused more delays than it'd acknowledged. While he was satisfied that it hadn't caused any such delays at the start of the process, he noted its acknowledged mistake with fund A and fund B. He felt the seven working days delay Transact felt it'd caused wasn't correct.

Our investigator said that the 100 units of each of fund A and fund B had both been transferred by 8 August 2024. He therefore felt that if Transact hadn't made a mistake, the entire in-specie part of the transfer would've completed by 16 August 2024. He felt this would've then allowed the cash to be transferred by provider R sooner than it was.

Our investigator felt that Transact should've been able to transfer the cash to provider R by 20 August 2024. Provider R should then have been able to transfer the cash and bonds to provider H by 26 August 2024. Once Mr W had pointed out that this date was a bank holiday, our investigator changed it to 23 August 2024.

Our investigator didn't think that Transact should've sent the cash to provider R at the very start of the process, given provider R had explained it couldn't send this to provider H before the in-specie transfer was completed. He didn't think the cash should've transferred before the in-specie part of the transfer was completed.

Our investigator felt that Transact's offer to refund the fees taken during August 2024 up to 6 September 2024 was fair to acknowledge the lack of service and the inability for Mr W to make changes to his portfolio during this time.

Our investigator felt that the majority of Mr W's assets had remained invested during the transfer period. So there was no investment loss on the assets that had transferred in-specie. But he felt that Mr W had evidenced that he'd invested some of his cash into stocks and bonds shortly after his cash had been transferred. He therefore felt that Mr W had clearly intended to invest as soon as the cash was available with provider H. Given the avoidable delays Transact had caused, he felt it'd prevented Mr W from doing this sooner.

Our investigator proposed financial redress that he felt would put Mr W as close to the position he would probably now be in if the transfer hadn't been delayed. This was based on investment benchmarks that he thought would be most suitable for the period from 23 August 2024, when he felt the cash part of the fund would've first been available, to 16 September 2024, the date the cash part of the fund was actually first available. The proposed calculation didn't allow for the interest Mr W's cash had earned between 23 August 2024 and 16 September 2024.

Our investigator felt that the £100 compensation that Transact had offered Mr W was fair

under the circumstances of the complaint. And in line with this service's guidelines on compensation given the impact caused. He didn't agree with Mr W that the compensation should reflect the size of the transfer, noting that this service considers that such compensation is intended to compensate for the distress and inconvenience caused, not the amount invested.

Mr W felt he should've have had access to at least the cash element of his funds at an earlier date. He said he would've taken advantage of the fall in the FTSE 100 between 1 August 2024 and 5 August 2024. He felt he'd lost out on this period of opportunity as he'd been unable to participate in the market.

Transact agreed in principle to our investigator's recommendations. But it said that Mr W's portfolio had earned interest whilst the cash was held with it, which it wouldn't have earned if it had been transferred earlier and then invested elsewhere. So it felt that the calculations needed to allow for this interest. Our investigator agreed that the interest should be included in the calculation he'd set out.

Mr W didn't agree with our investigator. He made the following points:

- He strongly disagreed that Transact and provider R couldn't have transferred his cash before 23 August 2024. He didn't think 23 August 2024 was a reasonable date for our investigator to have chosen. He said that a simple transfer of assets shouldn't take months.
- He felt that as his new SIPP with provider H had already been set-up, the cash element of his transfer could have been completed immediately. He said this was because the instructions were clearly for an in-specie transfer of assets.
- Mr W said that if he'd had the money in his account he would've dealt.
- Mr W didn't think the £100 compensation Transact had offered was reasonable for a transfer of over £1.3M.

As agreement couldn't be reached, the complaint has come to me for a review.

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.

Having done so, I agree with our investigator's findings. I can't reasonably agree with Mr W that Transact and provider R should've transferred his cash before 23 August 2024. I know this will be disappointing. I'll explain the reasons for my decision.

I first considered the avoidable delays caused by Transact.

Transact's delays

I agree with our investigator – and for the same reasons - that there's no evidence of Transact causing any avoidable delays other than the delays stemming from the error it made with fund A and fund B on 7 August 2024.

While I can see that Transact made another error when it sent Mr W an incorrect transaction listing, it quickly confirmed that this was simply a cosmetic error and that the correct amounts had been sent. I'm therefore not persuaded that this error led to any further delays to the

transfer.

I also agree with our investigator that Transact's mistake with fund A and fund B led to a delay to Mr W's access to his cash. I think that, but for that mistake, Mr W would've had access to his cash by 23 August 2024, not 16 September 2024.

I say this because I agree with our investigator that the 100 units of each of fund A and fund B had both been transferred by 8 August 2024. Therefore I'm satisfied that but for Transact's error, the in-specie part of the transfer would've completed by 16 August 2024. I consider that Transact should've then been able to transfer the cash to provider R by 20 August 2024, with it then transferring the cash to provider H by 23 August 2024.

Transact has noted that during the period its error delayed the transfer, Mr W's cash earned interest at a rate of 4.74%. Therefore I agree that any loss calculation needs to allow for the actual interest earned over the period of delay.

I next considered whether Mr W should've had access to his cash earlier than he did. Mr W felt that as his new SIPP with provider H had already been set-up, Transact and provider R should've transferred his cash before 23 August 2024.

When should Mr W have had access to his cash?

Mr W said that if he'd had access to his cash sooner, he would've taken advantage of the fall in the market between 1 August 2024 and 5 August 2024.

Both provider R and Transact have explained that it's industry practice to transfer a cash holding when the asset transfers have completed. However, Transact said it could've arranged for some of Mr W's cash to be transferred earlier if it'd received an instruction to do so.

I can also see that on 3 September 2024, Transact offered to send Mr W the bulk of his cash. But Mr W didn't instruct it to do so at that time.

Mr W has provided evidence to show that he did invest his cash very soon after gaining access to it in September 2024. But he felt that if he'd received his cash much earlier in the process, he would've been active in "*the mini-correction*" at the beginning of August 2024. However, I can't reasonably agree.

I say this because based on the evidence I've been provided with, I'm not persuaded that Transact and provider R should've sent Mr W's cash before the in-specie part of the transfer was complete. I've explained why in more detail in my decision about provider R. Therefore I'm satisfied that Mr W couldn't have reasonably expected to have used the cash tied in with his in-specie transfer between 1 August 2024 and 5 August 2024. I say this because the in-specie transfer started after the end of that period.

In short, I'm satisfied that the cash should've been transferred to provider H by 23 August 2024. Therefore Mr W should've had access to his cash at this point, rather than 16 September 2024. I'll explain how I expect Transact to carry out the final redress calculation this delay requires later in my decision.

Mr W didn't think that the £100 compensation and the return of fees Transact has offered him is fair given what happened and the size of his transfer. So I've gone on to consider whether the compensation Transact has already offered is fair.

Distress and inconvenience

Transact offered Mr W £100 compensation in acknowledgement of the delays caused by its error. The evidence also shows that Transact caused Mr W concern when it sent him an incorrect transaction listing. In its final response letter, Transact also offered to refund the fees it'd charged Mr W over the period it'd provided poor service.

Our investigator told Mr W that this service considers the impact the avoidable delays had on him, rather than the size of the transfer. He felt that the compensation Transact had offered Mr W was in line with our guidelines. I note that Transact had previously also told Mr W that the compensation it offered wasn't based on the value of a portfolio.

I acknowledge that Mr W thinks that the compensation should to some extent be based on the size of a portfolio, as the inconvenience is greater for a bigger fund. He also notes that £100 is a much smaller proportion of his portfolio's value than it would be for a portfolio only worth £1,000. But I can't fairly agree that this means Transact should increase the compensation it's offered for the distress and inconvenience caused by its error.

I say this because this service assesses compensation for distress and inconvenience separately from any financial redress needed to put a consumer back into the position they would've been in but for the business's error. So it's not right to think of the distress and inconvenience compensation in terms of a percentage of the portfolio. I also say this because, as our investigator has already explained, this service has considered the impact the avoidable delays had on Mr W, rather than the size of the transfer.

Having considered that impact, I agree with our investigator that the £100 compensation plus the return of fees Transact has offered is reasonable here.

I uphold the complaint.

Putting things right

My aim is that Mr W should be put as closely as possible into the position he would probably now be in but for the avoidable delays caused by Transact.

I take the view that Mr W would've invested differently. It is not possible to say precisely what he would've done differently. But I am satisfied that what I've set out below is fair and reasonable given Mr W's circumstances and the investments he then made once the transfer was complete.

What should Transact do?

To compensate Mr W fairly, Transact must:

- Compare the performance of Mr W's investment, allowing for the interest it earned between 23 August 2024 and 16 September 2024, with that of the benchmark shown below. If the fair value is greater than the actual value there is a loss and compensation is payable. If the actual value is greater than the fair value, no compensation is payable.
- Transact should add interest as set out below.
- If there is a loss, Transact should pay into Mr W's pension plan to increase its value by the total amount of compensation and any interest. 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.

- If Transact is unable to pay the total amount into Mr W's pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would've provided a taxable income. Therefore the total amount should be reduced to notionally allow for any income tax that would otherwise have been paid.
- The notional allowance should be calculated using Mr W's actual or expected marginal rate of tax at his selected retirement age. For example, if Mr W is likely to be a basic rate taxpayer at the selected retirement age, the reduction would equal the current basic rate of tax. However, if Mr W would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation.
- If Transact hasn't already paid Mr W the £100 compensation and refunded the fees as it offered to do, it should do this too.
- Provide the details of the calculation to Mr W in a clear, simple format.

If payment of compensation is not made within 28 days of Transact receiving Mr W'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 Transact deducts income tax from the interest it should tell Mr W how much has been taken off. Transact should give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Investment name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
Cash balance of £159,844.60	Still exists and liquid	For half the investment: FTSE UK Private Investors Income Total Return Index; For the other half: average rate from fixed rate bonds	23 August 2024	16 September 2024	8% simple per year from my final decision to settlement (if not settled within 28 days of the business receiving the complainant's acceptance)

Actual value

This means the actual amount payable from the investment at the end date.

Fair value

This is what the investment would have been worth at the end date had it produced a return using the benchmark.

To arrive at the fair value when using the fixed rate bonds as the benchmark, you should use the monthly average rate for one-year fixed-rate bonds as published by the Bank of England.

The rate for each month is that shown as at the end of the previous month. Apply those rates to the investment on an annually compounded basis.

Any additional sum paid into the investment should be added to the fair value calculation from the point in time when it was actually paid in.

Any withdrawal, income or other distributions paid out of the investments should be deducted from the fair 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 you total all those payments and deduct that figure at the end to determine the fair value instead of deducting periodically. If any distributions or income were automatically paid out into a portfolio and left uninvested, they must be deducted at the end to determine the fair value, and not periodically.

Why is this remedy suitable?

I have chosen this method of compensation because:

- Mr W wanted Capital growth with a small risk to his capital.
- The average rate for the fixed rate bonds would be a fair measure for someone who wanted to achieve a reasonable return without risk to his capital.
- The FTSE UK Private Investors Income Total Return index (prior to 1 March 2017, the FTSE WMA Stock Market Income total return index) is a mix of diversified indices representing different asset classes, mainly UK equities and government bonds. It would be a fair measure for someone who was prepared to take some risk to get a higher return.
- I consider that Mr W's risk profile was in between, in the sense that he was prepared to take a small level of risk to attain his investment objectives, as demonstrated by the investments he later made. So, the 50/50 combination would reasonably put Mr W into that position. It does not mean that Mr W would have invested 50% of his money in a fixed rate bond and 50% in some kind of index tracker fund. Rather, I consider this a reasonable compromise that broadly reflects the sort of return Mr W could have obtained from investments suited to his objective and risk attitude.

My final decision

For the reasons given above, I uphold this complaint. I require Integrated Financial Arrangements LTD trading as Transact to pay the amount calculated as set out above.

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

Jo Occleshaw
Ombudsman