

The complaint

Miss B says Virgin Money, trading as Virgin Money Unit Trust Managers Ltd (Virgin) was responsible for delaying the transfer of her personal pension to Legal & General (L&G).

What happened

In cases like this it's helpful to establish a chronology of events. Since the Investigator considered Miss B's complaint, this Service sought more detailed information from the two firms involved about what happened and when. The following timeline of events is based on what we now understand from the records and testimony of Miss B, Virgin and L&G.

29 July 2023 - L&G receive request from Miss B to switch her Virgin policy to it. Virgin didn't use the Origo system for these transactions and so the postal service was used.

31 July 2023 – L&G sent Miss B transfer forms.

4 August 2023 – Miss B returned the signed Transfer Request Form to L&G.

14 August 2023 – L&G posted the necessary paperwork to Virgin. It seems it didn't chase progress.

25 August 2023 - Virgin responded to L&G's request sending it a valuation and the necessary forms for effecting the switch of Miss B's personal pension. It also wrote to her to say if she wanted to go ahead with moving her funds she should contact her agent (meaning L&G) for the relevant forms. It said she would need to complete its Transfer Out Request form and L&G would need to complete its Transfer Out Warranty.

Subsequently Miss B made several attempts to call Virgin to chase progress but was put on hold for extended periods and because of work and family commitments she couldn't complete her contact.

1 September 2023 – Miss B contacted Virgin's complaints department asking for the pension transfer forms, but only received an automated response and case reference.

5 September 2023 Miss B messaged L&G to say that Virgin had told her forms were required from both it and herself.

6 October 2023 - Frustrated with the lack of progress and Virgin's lack of engagement, Miss B brought the matter to our Service.

30 January 2024 – Miss B contacted Virgin to get an update on her complaint.

10 February 2024 – Virgin's records show it created a task to check whether transfer forms had been received for Miss B, and if she'd raised a complaint.

22 March 2024 - Virgin issued its final response to Miss B's complaint. It said it had been unable to trace her complaint from September 2023, but that in respect of her request to switch her personal pension it had acted appropriately. It had sent the relevant forms to L&G and had yet to receive the necessary paperwork to effect the transaction.

22 April 2024 – Virgin issued the transfer out forms to Miss B.

22 May 2024 – Miss B messaged L&G confirming she'd now received the transfer out forms and asked for confirmation about its full company title to ensure she completed these correctly.

23 May 2024 – L&G provided the information Miss B requested.

18 July 2024 – Virgin received Miss B's completed forms.

22 August 2024 – L&G records indicate 'the transfer was reversed' but there are no notes or audit details to indicate why.

3 October 2024 – Virgin sent letter to L&G asking for it to complete the transfer warranty. It also noted that it could now use the Origo system to speed things up. The same day L&G issued its transfer request on Origo.

9 October 2024 - Miss B's pension funds were sent from Virgin to L&G.

10 October – L&G received Miss B's pension funds.

22 October 2024 – Virgin issued an apology to Miss B because it had failed to log or respond to her complaint from 1 September 2023 properly.

During this journey Miss B made clear she wasn't satisfied with Virgin's responses. An Investigator at this Service considered Miss B's case. He concluded Virgin had been responsible for poor complaint handling and should apologise to her for this, but that it hadn't done anything wrong in terms of processing her request to move her pension.

Miss B disagreed with the Investigator's view. In her last submission to this Service she said:

"I do not agree with the conclusion... as you have stated at several points during the explanation of your investigation that one or other of the parties are at fault on a particular point. Yet, in your conclusion you find no fault at all on either party. Your conclusion appears to place great emphasis on the fact that I have benefitted financially from the transfer not going ahead as requested, but as I stated in my previous email, I do not believe this should not be a factor at all or a reason to say "Well, that's alright then," in relation to the appalling and woefully inadequate service received by both companies here."

"As a consumer, it is my right to choose who I invest my money with - this right was taken away from me for 15 months as a direct result of failings with these companies. That I may have experienced a lower fund value had the transfer gone through as planned is a risk that should have been entirely mine to take when deciding to move to a new provider, and it should not be an excuse for the poor handling of this transfer"

"Finally, in your first email detailing your conclusions, you invite Virgin to issue an apology for their handling of my complaint, yet this has not taken place and closing the complaint provides scope for Virgin to decline this invitation."

As both parties couldn't agree with the Investigator's view, Miss B's complaint was passed to me to review afresh. I issued my provisional decision in December 2024. Neither party provided any new evidence or arguments for me to consider, so I see no reason to depart from my initial findings and conclusions.

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.

Where there's conflicting information about the events complained about and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what's most likely to have happened.

I've not provided a detailed response to all the points raised in this case. That's deliberate; ours is an informal service for resolving disputes between financial businesses and their customers. While I've taken into account all submissions, I've concentrated my findings on what I think is relevant and at the heart of this complaint.

I'm upholding Miss B's complaint. I'll explain why.

The first thing I've considered is the extensive regulation around the services like those performed by Virgin for Miss B. The FCA Handbook contains twelve Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 2.1.1 R in the FCA Handbook). These include:

- Principle 2, which requires a firm to conduct its business with due skill, care and diligence.
- Principle 3, which requires a firm to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
- Principle 6, which requires a firm to pay due regard to the interests of its customers and treat them fairly.
- Principle 7, which requires a firm to pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

So, the Principles are relevant and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms. As such, I need to have regard to them in deciding Miss B's complaint.

It's also useful to understand what service levels firms should be aiming for when switches take place between providers. In this regard the sector best practice issued by the Transfers and Re-registration Industry Group (TRIG); whose membership included several trade bodies is instructive. In 2018 it published an Industry-wide framework for improving transfers and re-registrations. It noted:

"When moving investments, assets and entitlements between institutions, people have a legitimate right to expect the industry to execute their instructions in a timely and efficient manner. Furthermore, customers' service expectations are increasing due to the relative simplicity of switching in other markets. Slow transfers can cause detriment to customers; and the actions of one party can reduce the efficiency of all parties in the chain."

In this publication TRIG established what it considered to be reasonable timeframes for firms to adhere to for transactions like those being performed by Virgin and L&G for Miss B.

Following Miss B's response to the Investigator's view, we sought more information from Virgin and L&G about what had happened. This enabled us to construct the more detailed timeline set out above.

Virgin has also now taken more responsibility for the things that went wrong in Miss B's journey. It has now said:

"Following [Miss B] raising a complaint on 30 January 2024 regarding transfer out to L&G we didn't issue discharge paperwork to customer until 22 April 2024. We then received [her] completed discharge form on 18 July 2024 (this was dated 22 May) but had still not received completed forms from L&G. We noted we issued the forms/chaser in the post to Legal and General on 20 September 2024 but in error this was not added to the printing folder and therefore was not sent. We then posted this and emailed it to them on 3 October 2024 and

requested they either complete and return form or submit the request on Origo. They submitted the request to us via Origo on 3 October 2024 and we actioned the sell the next business day on 4 October 2024 and completed the payment out on 9 October 2024.”

“While we didn’t receive any further chasers/completed forms or Origo request from Legal and General I do believe we could have taken actions that could have resulted in this transfer completing sooner than it did. When customer raised the complaint on 30 January 2024 we should have re-issued discharge forms within 2 business days (1 February 2024). There was an issue with us receiving mail from May to July and I note that the customers discharge was dated 22 May 2024 and it’s likely the issue impacted us receiving this form without the issues we could have expected to have received customer discharge form on 5 business days later on 29 May 2024. So had we have issued the form on 1 February 2024 we then could have expected to received the completed discharge form from customer on 11 March 2024 (5 weeks 2 days later) as this is how long it took customer to return form after sending on 22 April 2024.”

“If we had received the completed discharge paperwork on 11 March 2024 we should have then chased L&G form there return of forms or advised them they could submit the request on Origo within 2 business days (13 March 2024) and we can assume they would have submitted the request the same day meaning we could have actioned the sell the next business days on 14 March 2024 and have completed the payment out on 19 March 2024.”

“When we actioned the sell on 4 October 2024 this generated £3,082. Had we have actioned the sell on 14 March 2024 this would have generated £2,751 therefore client has been advantaged by £331. We should request contract note from Legal and General to access if client has been disadvantaged due to them receiving payment later than they could have done had we take the above actions. We can assume they would have been able to invest this on 20 March 2024. In recognition of the delays with the paperwork we will offer £150 in compensation.”

Virgin has now done the right thing in acknowledging the things it got wrong. It has also taken a broadly reasonable approach to the loss assessment it conducted, as far as that went. But it will need to go further. I say this because Virgin has already separately acknowledged to Miss B it was responsible for not processing the original complaint she raised on 1 September 2023.

So rather than building a notional timeline of what should’ve happened from 30 January 2024 when it got to grips with Miss B’s complaint, Virgin should now do the same but with effect from 1 September 2023. Using the same methodology it proposed recently, the notional date for when L&G would’ve been able to invest her funds would’ve been 26 October 2023.

Putting things right

I’m upholding Miss B’s complaint, so she needs to be returned to the position she’d have been in now, or as close to that as reasonably possible, had it not been for Virgin Money Unit Trust Managers Ltd’s failings.

Investment loss assessment

I require Virgin Money Unit Trust Managers Ltd to assess what Miss B’s notional position would be now had it provided a more effective service. It will need to liaise with L&G and assume her pension transfer would’ve been invested in the same funds in the same proportions, at the prices available at the earlier date of 26 October 2023. It will need to find a value for this at the date of calculation. This is value A.

Virgin Money Unit Trust Managers Ltd should then assess Miss B's position as it stands, for the relevant funds within the scope of this dispute, so making adjustments for any additional contributions or withdrawal of monies that she's made, so as to arrive at a like for like comparison. This is value B.

If value A is greater than value B, Miss B has suffered a financial loss. Virgin Money Unit Trust Managers Ltd will be required to make good this sum. It will need to do so within 28 days of being notified that Miss B has accepted my final decision. After this it will need to add 8% simple annual interest on the outstanding sum.

If value B is greater than value A, Miss B hasn't suffered a financial loss on her investments.

If there is a loss, Virgin Money Unit Trust Managers Ltd should pay into Miss B's pension plan, to increase its value by the amount of the compensation and any interest. Payment should allow for the effect of charges and any available tax relief.

Virgin Money Unit Trust Managers Ltd shouldn't pay the compensation into the pension plan if it would conflict with any existing protection or allowance. If it isn't able to pay the compensation into Miss B's pension plan, it should pay that amount direct to her. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the compensation should be reduced to notionally allow for any income tax that would otherwise have been paid.

The notional allowance should be calculated using Miss B's actual or expected marginal rate of tax at her selected retirement age. For example, if she is likely to be a basic rate taxpayer at the selected retirement age, the reduction would equal the current basic rate of tax.

Virgin Money Unit Trust Managers Ltd should provide Miss B with a breakdown of the redress calculations in a clear and simple format.

Trouble and upset

When I'm considering a complaint like Miss B's I think about whether it's fair to award compensation for distress and inconvenience. This isn't intended to fine or punish a business – which is the job of the regulator. But when something's gone wrong, recognition of the emotional and practical impact can make a real difference.

We're all inconvenienced at times in our day-to-day lives – and in our dealings with other people, businesses and organisations. When thinking about compensation, I need to decide that the impact of a firm's actions was greater than just a minor inconvenience or upset. It's clear to me that this was the case here.

Miss B's pension switch was delayed by about a year due to problems that Virgin Money Unit Trust Managers Ltd has only recently acknowledged. This caused her trouble and upset over an extended period.

Virgin Money Unit Trust Managers Ltd accepted it got things wrong for Miss B and now recognises the impact this had on her. It apologised and has recently offered her £150 in respect of this complaint. I require it to increase this offer to £250.

My final decision

For the reasons I've set out, I'm upholding Miss B's complaint. I now require Virgin Money Unit Trust Managers Ltd to put things right in the way I've directed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 7 February 2025.

Kevin Williamson

Ombudsman