

The complaint

The DI discounted gift trust complained about Quilter Life & Pensions Limited. Mrs I who arranged to set up the trust with Quilter said it took too long to do so. She said it took almost 12 months to set the trust up and she had lost out as a result. She said it had wasted her time and caused stress as well as lost the trust income. She would like Quilter to put things right.

Mrs I set up a discounted gift trust with Quilter, and how long this took, is the basis of this complaint. Mrs I is the settlor and a trustee as well as representative of the trust, in relation to this complaint. I have referred to Mrs I throughout, as she has made the complaint, but the complainant, according to our rules, is the trust.

What happened

Mrs I met with her financial adviser in January 2023 and discussed inheritance tax planning. They agreed that Mrs I would approach Quilter and arrange for a discounted gift trust to be set up. The premise being that Mrs I would deposit a capital sum, and then receive an income back, then a proportion of the deposited amount would be, on Mrs I's passing, gifted to the beneficiaries named within the trust deed. There were potentially benefits in relation to inheritance tax also.

Mrs I said Quilter made mistakes when it set up her trust, in that time was lost and a delay occurred. She said it wasn't until mid-October 2023 that she was asked to send her capital sum to it. She said the trust took almost 12 months to set up and this didn't seem right to her. She said she had lost income due to the delay caused by Quilter.

Mrs I's funds were invested into a bond on 19 October 2023. Quilter then placed the bond into trust on 6 December 2023 and the first monthly payment was made to Mrs I for around £628 on 29 December 2023.

Mrs I said when she complained to Quilter in November 2023, it offered her £200 compensation. She felt this was derisory in view of her time wasted, the stress it caused her and lost interest.

Quilter provided a detailed response where it included all interactions from its staff, the underwriter that it used and Mrs I's financial adviser. It went into detail about who did what and when over the months that it took to set up the trust. It concluded that it was not responsible for the majority of the delays caused, but it did uphold Mrs I's complaint because of the level of service she received and also for 4 specific mistakes that it said it made, including not returning a phone call on one specific date and incorrect advice about completing a form on another. It offered to pay £200 that it said was in light of the trouble and upset it caused. It provided two further responses, reaffirming its offer and a timeline of events as it saw it.

Mrs I was not happy with Quilter's response and referred the trust's complaint to our service.

An investigator looked into the trust's complaint. He said that up to October 2023, Quilter was acting in a fair way in relation to setting up the trust and it just took that long to arrange between the parties. He said timelines put together from the financial adviser and Quilter seemed to support his conclusion.

The investigator said Mrs I invested into a bond on 19 October 2023, but the trust wasn't set up until 6 December 2023, and Mrs I didn't receive her first monthly income payment until 29 December 2023. He said he had asked Quilter how long it ought to have taken to set up a trust, had the errors it identified not occurred. But he said, it didn't provide an adequate response.

The investigator said Quilter should pay 6% interest on £180,000 from the date the funds were invested to the date the discounted gift trust was set up. He said his proposed redress, acknowledged the fact Mrs I was deprived of her funds for a period of time during which she would not have been. He concluded if the trust had been set up without error Mrs I would have received payment from the trust sooner.

The investigator said he did not believe that it would be reasonable to suggest in addition to what he had proposed, Quilter should be liable for the impact of any further inheritance tax bill. He said he felt £200 that Quilter had offered, for the distress and inconvenience caused, was fair and reasonable.

Mrs I responded on 7 October 2024. She said Quilter caused delays on several occasions over the year when the financial adviser was given conflicting advice by it. She said there was also a long delay when the advisor sent documents to an address that had burned down, and they hadn't been informed. She asked her advisor how long on average a discounted gift trust takes to set up and they said it should take weeks and not months.

Quilter was not in agreement with the investigator's view. It said although it admitted it made errors, these had no impact on the overall timeframe to set up the trust. It then went into detail about why on each of the 4 occasions that it said it made a mistake, that it didn't cause a delay to the declaration of the trust. It concluded that whilst it did cause errors and delays, it didn't specifically cause a delay in the declaration of the trust between when Mrs I sent the funds to it in October 2023 and when it declared the trust and sent Mrs I her first payment.

I issued a provisional decision on this complaint on 13 January 2025. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

"I The trust's complaint has been a difficult one for me to get to grips with, not least because according to the notes provided by the parties, so many members of staff from the parties have had a hand in, at some point, dealing with Mrs I's request.

Quilter has admitted it made mistakes when it set up the trust, but it has gone to lengths to explain how these mistakes, didn't cause delay to the trust being set up. I have first of all considered whether Quilter caused delay to the trust being set up, at any stage here.

Did Quilter cause a delay to Mrs I setting up a discounted gift trust up to 17 October 2023 when it received the money from her?

I have studied the timelines supplied by both the financial advisers and by Quilter, at some length. I can see that although, a significant amount of time passed from the initial discussions between the adviser and Mrs I about setting up a trust, I can't see that I can fairly say any delay was caused by Quilter, up to the point when Mrs I sent over the funds on 17 October 2023.

Quilter, Mrs I, her sons, and the financial advisers were essentially, during this period, working together to make the process of setting up a trust happen. As Mrs I's financial advisers have said, sometimes this can take weeks rather than the many months it took here. But, as I have already concluded, up to the point Mrs I sent the money over, this wasn't I don't think, because Quilter had made mistakes that caused this.

Instead, I can see that there were two issues that caused long delays. The first issue was around Mrs I changing the doctor's surgery that she was listed with. The confusion that this caused between the surgeries, old and new as well as the parties involved in trying to set up the trust, meant that there was a delay. It took all the parties around 3 months to resolve, before Quilter's underwriter obtained the information it needed.

Quilter said it normally would take between 4-8 weeks at this stage, so undoubtably this issue added to the amount of time that it took to set the trust up. That said, it would not be fair of me to put the responsibility for this on Quilter. It was instead, just an unfortunate series of events that took longer for the parties to resolve.

Secondly, I can see that there was another delay of around 3 months when the parties had a series of conversations about how much to invest and what the required income amount should be. This was mainly to do with discussions held between Mrs I, her sons and Quilter. I can see that there were some serious considerations, and this led to amendments in the paperwork. This all took additional time, on each occasion the parameters of the proposed trust changed.

This delay was not, I don't think, caused by any mistakes from Quilter. In fact, there was no blame to be apportioned anywhere, it was just a case, as I see it, of the parties taking their time on the detail. It took some additional time also for all parties to ensure the paperwork was correct, including obtaining signatures from all the trustees, when amendments were made.

Again, if everything had gone according to plan, I can see how setting up a discounted gift trust could take weeks rather than the many months it did here. But when I read about these two issues: troubles obtain reports from the doctor's surgery and then consideration of the detail between the parties, I can see how the delay occurred and that it was not, ultimately down to mistakes made by any of the parties. Mrs I's application to establish a trust on this occasion, just took a long time for the reasons I have given.

Quilter did admit it made a mistake by not responding to the financial advisers on 9 October 2023, about why an illustration provided did not show any income, to show Mrs I what she would potentially receive each month.

Quilter has acknowledged it did not respond to this, but it did not add to any delay and was at this stage, a minor and inconsequential mistake, as the parties proceeded anyway.

Did Quilter cause a delay to Mrs I setting up a discounted gift trust after 17 October 2023 when it received the money, and did it make any other mistakes?

There was initially some confusion about the trust deed and Covi form going to the wrong address, that had been burnt down. It seems though, that this was resolved when Mrs I's adviser contacted Quilter and arranged for the forms to be sent to the correct address on the same day, that Quilter had confirmed receipt of the money: 17 October 2023.

There then was some chasing up from the advisers at this stage, as Quilter misplaced the resent forms, and this was one of the mistakes it said it made. Quilter had sent the forms to

the wrong queue. It also had by this stage worked out that it needed a new declaration of good health.

Quilter then on 31.10.2023, contacted the advisers and said it needed further amendments to be made on the trust deed. It gave incorrect advice and said initially that only Mrs I needed to initial the forms. Mrs I travelled in to do this and so I can see how inconvenient it was, when Quilter then said it had got this advice wrong and instead it needed all the trustees to sign the amendments. So, Mrs I needed to obtain new forms and initial the amendments again, as well as arrange for her sons to do the same, as the other trustees. This mistake, I can imagine would have caused Mrs I some unnecessary distress and inconvenience.

That said, Quilter has explained that there were additional parts of the trust deed that needed amending anyway so, in all likelihood it needed to be signed by all trustees again, regardless of its mistake. So, although there was, on balance, no additional delay caused by this, it was still a mistake all the same.

Quilter also said it didn't call back the financial advisers on 2 November 2023 when it should have done, but that this didn't cause any delay either. It did acknowledge that it ought to have done this though.

So, having looked through everything, I don't think on balance, Quilter caused a delay from 17 October 2023 when it received Mrs I's money to when it set up her trust and she received her first income payment at the end of December 2023. I think instead the long delay happened before Mrs I sent the money over to Quilter, for the reasons I explained earlier. Once she did send the money, I think the parties tried to do all they reasonably could do ensure the trust was put in place.

There were still some issues that needed tying up that extended the process further such as the requirement for a new 'good health' survey, but otherwise I currently don't think Quilter caused a delay from 17 October 2023 onwards. So, I don't think it needs to do anything further in terms of an interest payment or any other award relating to this.

That said, it did make mistakes. It didn't respond to enquiries when it ought to have done in October and November 2023, and although this was in relation to the financial adviser, the answers were meant for Mrs I. She would've been waiting to hear back about the income part of her illustration and about whether more was needed regarding the amendments.

It would have also been stressful for Mrs I not to know what was happening with her forms, when her financial advisers were chasing these up, only to hear that they were placed in the wrong queue. But I think in particular, Quilter's error that led to Mrs I, driving in to sign forms, that would turn out to be a waste of time for her, would have been particularly stressful for her.

I think when I consider the last error that I have explained in particular, along with the other mistakes, I don't think Quilter's offer of £200 for the distress and inconvenience it has caused, is enough. I currently think an award of £300 is more appropriate, when I consider there have been repeated errors, over a period of weeks that have caused distress and inconvenience, in what was already a stressful period for Mrs I.

So, it follows that I uphold the DI discounted gift trust's complaint. Quilter Life & Pensions Limited should pay Mrs I £300 for the distress and inconvenience it has caused."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision.

Mrs I responded and disagreed with some of the findings in my provisional decision. She said:

- Whenever she has enquired from various people regarding time taken to set up a trust, the answer is invariably a few weeks. She said on page 2 of my decision it states when Quilter were asked how long a trust should take to set up, there was no adequate response.
- She knew there was a delay with her house move from an address of 53 years, but she didn't foresee that the Doctor's surgery would not supply a report. It was thought best at the time, that she didn't need to register with a doctor at her new address, given the surgery knew her health record.
- Quilter could be more streamlined and have dedicated advisers to deal with requests for trusts being set up. She said there were too many people involved.
- The time between when she sent the capital sum, and her first interest payment was two months and twelve days. She said she was deprived of two months interest, and she could have got 6% interest from a cash deposit during this time.
- She is surprised I am happy with her loss of interest where the investigator wasn't.

Quilter responded on 21 January 2025 and said it agreed to increase the award to £300.

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.

First of all, I would like to thank Mrs I for her submission and for the consideration she has given to my provisional decision. That said, I am not persuaded to change the findings or the outcome. I will respond to the points that Mrs I has made in the same order that she has presented them in her reply.

I can see the line in my decision that Mrs I has referred to regarding Quilter not providing an adequate response. This is in relation to the investigator asking Quilter how long the trust ought to have taken to set up but for the errors it identified should not have occurred.

Initially the investigator, felt Quilter hadn't responded adequately to their question, but it did then go on to provide more detailed answers about the mistakes it said it made, and whether these added to the time taken to set up the trust. Quilter didn't think so, and in my provisional decision I was satisfied that this was the case too. I do still think Quilter made mistakes, in that it didn't respond to Mrs I and her adviser, and it gave incorrect advice, but these errors didn't contribute to the time it took to set up the trust, for the reasons I have given in my provisional decision.

I appreciate what Mrs I has said about her doctor's surgery. I understand why she took the course of action that she did. However, it doesn't change the fact that obtaining a report from the surgery was one of the reasons why it took so long to set up Mrs I's trust, or that this was due to any mistakes from Quilter. As I said in my provisional decision, and I do still think this was the case here: the issues with obtaining a report from the surgery were just an unfortunate series of events, that led to matters taking longer to resolve.

Mrs I made a few comments in her response about Quilter and the amount of people that became involved. Having read Quilter's timeline and submissions sent into our service about what happened, I can see why she has mentioned how many people were involved in her request. There did seem to be involvement from a large supporting cast of Quilter's staff. That said, even with this being the case, I haven't seen that the mistakes made by Quilter contributed to any delay here. So, as much as Mrs I said it would have been better to have a point of contact, and it's hard to argue with that, I haven't seen enough that suggests to me Quilter involving many staff members, caused mistakes that contributed to or caused a delay.

Finally, Mrs I said she was deprived of interest for the two months and twelve days that it took for the trust to be set up, once she had deposited the money. But I don't think this was the case. This is because firstly, Quilter invested Mrs I's money. So, Quilter didn't earn interest from it, as was suggested and it wasn't sat in an account, waiting for the trust to be set up.

Mrs I transferred her money over on 17 October 2023 and Quilter invested it in a collective investment bond on 19 October 2023. So, within two days, Mrs I's money was invested and presumably accruing interest or capital gains on her behalf from this point. I am aware that if the trust had been set up sooner then, there's a chance she would have received a withdrawal payment sooner too, but this doesn't mean that Mrs I incurred a loss here. The money would have been drawn down from her invested funds. So instead, whilst the trust was being set up, it simply remained invested, until the monthly withdrawal payments could begin. In short, I don't think Mrs I was deprived of interest, as her money had been invested, as instructed.

But in any case, I don't think Quilter caused any delays from the date Mrs I transferred over her money on 17 October 2023 to the date the trust was set up and she started receiving her monthly payment. I remain persuaded by what Quilter told me regarding the mistakes it made and how these didn't contribute to any delay. The trust took 2 months and 12 days to set up from the date Mrs I sent the money over, but I don't think Quilter made any mistakes that contributed to the time this took.

In conclusion, I don't think the mistakes Quilter made were the cause of or contributed to the delays, in Mrs I's discounted gift trust being set up. It did take a long time and I have explained what most likely caused this in my provisional decision. That said Quilter did make mistakes, as I have described already. So, it stands to reason, that I uphold Mrs I's complaint. To resolve matters, Quilter should Pay Mrs I £300 for the distress and inconvenience its mistakes have caused her.

My final decision

My final decision is that Quilter Life & Pensions Limited should pay Mrs I £300 for the distress and inconvenience it has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask The DI Discounted Gift Trust to accept or reject my decision before 19 February 2025.

Mark Richardson
Ombudsman