

The complaint

Mr K complains that Fairway Financial Consultancy made errors and caused delays when he applied for the Pension Commencement Lump Sum (PCLS) to be paid from his personal pension. He's experienced financial loss as a result of the delays.

What happened

Fairway acted as Mr K's financial advisers. He had a personal pension with a provider I'll refer to as "P."

On 14 March 2020 Mr K contacted Fairway by email. He asked it to arrange for the full PCLS (sometimes referred to as the maximum tax-free cash amount) to be paid to him from his pension account. Fairway dealt with his request on the next working day which was 16 March 2020.

Fairway erroneously requested that the full Uncrystallised Funds Pension Lump Sum (UFPLS) should be paid. It did that at 11.20am.

Fairway immediately realised its error, after it had submitted the request. It contacted P by telephone and by email. It explained that it had made an error. It then submitted the correct request, for the PCLS at 11.27am. It appears however it erroneously stated, on this application, that the ongoing adviser fees were 0.5% per annum when in fact the agreed ongoing adviser fees were 0.4% per annum.

P contacted Fairway on 17 March 2020 to query the ongoing adviser fees. Fairway says this call was at 10.30am. It confirmed that the correct ongoing advisor fee was 0.4%.

P applied a downward price adjustment at 4pm on 17 March 2020.

When P authorised the payment the PCLS amount had reduced. Mr K says he received around £20,000 less than he was expecting to receive.

Mr K complained about P. His complaint was referred to our service and an Ombudsman issued a final decision. She did not uphold Mr K's complaint.

Mr K says he lost out through no fault of his own. So he complained to Fairway.

Fairway investigated his complaint. It acknowledged there'd been an error when it keyed the UFPLS. It said this wouldn't have happened if P's system had been working correctly and an illustration had been produced prior to the UFPLS being submitted. It said it had taken immediate action to explain the error to P and had submitted the correct instructions before the 12 noon deadline on 16 March 2020. Fairway also said the incorrect adviser charge on the PCLS application had been corrected before 12 noon on 17 March 2020.

P decided to impose a downward Unit Price Adjustment on 17 March 2020. Fairway said the delay in processing the PCLS application was caused by P.

Fairway also referred to a statement that P had provided to our service. P had indicated as follows:

“P work to a 10 day service level agreement. If everything was in place for the TFC (tax-free cash) request to be processed via straight through processing there was a slight chance this could happen but this is not something that P can guarantee. In an ideal world, with no issues on the case, no increased volumes due to the pandemic, tax year end, it may have been possible but answering this question honestly, these cases are few and far between.”

Fairway said this response strongly suggested that it was highly improbable that the payment would have gone through even if it had been correctly keyed at the outset.

Mr K did not agree with what Fairway said. He referred his complaint to our service.

Our investigator looked into his complaint. She thought Fairway had acted immediately to try to correct the error. There was no evidence that Mr K had been told that the amount of tax free cash he would receive was a guaranteed sum or that it would be processed on the same day. P had also confirmed there was no guarantee that even if no errors had been made the payment would have been processed any sooner. She thought she could not reasonably say that Fairway's error was the sole cause of the reduced tax free cash amount.

Mr K said he'd been seriously disadvantaged as a result of the errors that had been made. He thought P and Fairway were blaming each other. He thought they should do the right thing and make good the shortfall. He reiterated that he hadn't been at fault.

Our investigator considered what Mr K said but she didn't change her view. So, the complaint has been 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.

First, I'd just point out that in this decision I'm only looking at Mr K's complaint about Fairway. Our service has already issued a final decision in respect of the complaint Mr K brought about P.

There is no dispute that Fairway made two errors here. First, it submitted the wrong request initially and, secondly, when it submitted the correct request, it made an error regarding the ongoing adviser charge.

Fairway picked up Mr K's request on 16 March 2020 and erroneously submitted a UFPLS request. It immediately realised its error and contacted P to explain. I can see that when it emailed P it incorrectly referred to Mr K by a different name – however the reference number it used was correct and I don't think this error caused further delay. It also spoke to P later that day to confirm that the UFPLS had been keyed in error.

Fairway submitted the PCLS request before 12 noon on 16 March 2020. The next morning P contacted it about the PCLS request. There was an error on the form. Fairway says it provided the correction at that time.

As I've stated above Fairway did make errors. Even though it says it didn't get an illustration before erroneously submitting the UFPLS request, it should have taken more care when it

was keying the application. And it should also have taken more care when it subsequently keyed the PCLS application to make sure that all the details on that application were correct.

Having said that, although Fairway did make errors, I think it acted quickly to try to correct those errors. However, despite that, the PCLS payment wasn't authorised for payment until after the downward price adjustment.

The issue I need to decide is whether the amount of tax free cash Mr K received would've been greater if Fairway hadn't made any errors.

Mr K says the reason why he requested the PCLS on 14 March 2020 was because he thought "markets would surely face a global share price slump" because of the covid pandemic. So, I think it's fair to say he was aware financial markets were volatile at the time and this was likely to impact on the value of his pension.

After it received Mr K's request, Fairway didn't tell him the PCLS amount was guaranteed. Nor did it give him any assurances about how quickly the payment would be processed.

It's also the case that the terms and conditions for Mr K's pension didn't guarantee same day processing where there was a request for benefits (such as the PCLS) to be paid. The timescale in the terms and conditions stated that such requests would be processed "*as soon as reasonably practicable after we have received all of the documentation we require.*"

P told us that it works to a ten day service level agreement. It said that once any outstanding documentation is received it has a service level agreement of five working days to deal with this type of request.

So, although there was a chance that the payment might have been processed before the downward price adjustment, P says that was "*a slight chance*" only and that such cases were "*few and far between*" - even in circumstances where "*everything was in place for the request to be processed via straight through processing.*"

Mr K says that Fairway has blamed P for what happened and P has blamed Fairway. He thinks they should "*do the right thing*" and compensate him in full. He said Fairway had previously offered to pay him 50% of his "loss." However, Fairway has explained to Mr K that this offer wasn't made to him. It says the offer was made to P in an attempt to encourage it to cover 50% of the loss sustained with the objective of Fairway raising "fault" with P moving forward.

Having looked at the correspondence between Fairway and P concerning this matter, I'm satisfied on balance the offer was not made to Mr K. Rather Fairway sought to persuade P to settle the matter with Mr K on the basis that it would then "argue out the case..." Fairway said it had made this gesture because it was confident it was not at fault. But P said it wasn't willing to consider the offer that had been made. So, I'm not persuaded, on balance, this correspondence indicated Fairway offered to pay Mr K compensation or that it accepted it should be wholly or partially liable for any loss Mr K may have suffered.

Mr K has reiterated he's not at fault for what happened here. He didn't make any mistakes. I can understand why he's said that. But that doesn't mean it's fair and reasonable to conclude that the reduction in the PCLS amount he received wouldn't have happened even if Fairway had made no errors.

So, whilst I can understand Mr K's disappointment and frustration that the PCLS amount he ultimately received was considerably less than what he says he expected to receive, I'm not

persuaded on balance of probabilities that this wouldn't have happened anyway - even if there had not been any errors made by Fairway.

Having considered everything here, although Fairway did make errors, I don't think it's fair and reasonable to hold Fairway liable for the reduction in the PCLS amount which Mr K received. So, I don't require it to have to do anything further to resolve this complaint.

My final decision

For the reasons given above I do not uphold this complaint about Fairway Financial Consultancy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 28 April 2025.

Irene Martin
Ombudsman