

The complaint

Mr D says there were delays by AFH Independent Financial Services Limited trading as AFH Wealth Management (AFH) in getting money released from his pension. He also wanted monthly payments which he says was agreed but he was then told that wasn't possible. And when the payments were made they were incorrect which meant possible tax consequences.

What happened

I issued a provisional decision on 1 April 2025. I've repeated here what I said about what had happened and what I'd provisionally decided.

'Mr D's pension is held with a provider I'll refer to as Provider J. Mr D first met with AFH in early March 2024. At a second meeting on 11 March 2024 it was agreed that Mr D would take a regular income of £1,150 pm from his pension. But he was later told that monthly payments couldn't be made and so he'd need to take an annual payment. It wasn't until 29 May 2024 that Mr D received a tax free cash payment of £3,450. He didn't get the taxable balance of the payment until 31 May 2024. And the amount he was paid was wrong.

It seems from AFH's letter dated 20 June 2024 to Mr D that Provider J had made a mistake in relation to the taxable element of the payment. After paying the tax free sum of £3,450, a gross income amount of £10,350 was due which, after payment of tax to HMRC of £3,846.60, left a net payment of £6,503.40 due to Mr D. But Provider J, in error, paid the amounts twice – so £13,006.80 to Mr D as a net payment and £7,693.20 tax to HMRC. Mr D was asked to return the duplicated payment of £6,503.40 and Provider J would then claim back the duplicated tax (£3,846.60) from HMRC.

In its final response letter dated 9 July 2024 AFH agreed it was responsible for delays. AFH set out a timeline of events. AFH offered Mr D £150 as compensation. Mr D didn't accept that. He said his first complaint was the delay in the money being released to him. His second, separate, complaint was about the incorrect money having been sent to him and the potential tax consequences. That hadn't been addressed, nor had it been explained how the error had arisen. Mr D had requested an online meeting with all the parties concerned to explain what had happened, how it would be remedied and how he'd be compensated.

Matters weren't resolved and Mr D referred his complaint to this service. He said that at nearly every stage he'd been misinformed as to when the money would be available. He'd also wanted monthly payments which were agreed but he was then told that wasn't possible. He said it had been stressful and he'd not had an explanation as to why it had happened or why, going forwards, it wouldn't happen again.

Our investigator upheld the complaint in part. He said AFH hadn't provided information we'd requested. About Mr D's request for monthly payments, he said it seemed it wasn't something that Provider J offered but Mr D had suffered disappointment and inconvenience. There'd been delays on AFH's part in dealing with Mr D's payment request and he should've received both payments – the tax free and the taxable elements – earlier than he did. But AFH wasn't responsible for the fact that Provider J made an error in making the taxable

payment. The investigator said the £150 compensation offered by AFH should be increased to £350 and interest (at 8% simple pa) should be paid on the late payments for the dates he specified.

Mr D didn't make any further comments. We didn't hear from AFH in response to the investigator's view.

What I've provisionally 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 largely agree with what the investigator said. I don't have any reason to doubt what Mr D has said about having been told initially that it would be possible for him to receive monthly payments. But it seems that couldn't happen as Provider J was unable to facilitate that. So I don't think it's AFH's fault that, in the end, the payments couldn't be made as Mr D wanted. According to AFH's timeline, AFH told Mr D on 3 April 2024 that an annual payment would have to be made instead. Mr D had requested monthly payments at the meeting on 11 March 2024. I think Mr D's expectations could've been better managed if AFH had checked promptly with Provider J if monthly payments were possible and so AFH would've been able to tell Mr D sooner if that wasn't possible.

As to the time taken, Mr D instructed AFH in connection with accessing his pension fund on 11 March 2024. He didn't receive the tax free element until 29 May 2024 and the taxable part until 31 May 2024. So, overall, it took about two and a half months which appears to have been a long time. And AFH accepts that there were delays on its part and that its service fell below the standard AFH aims to provide.

I don't disagree with what the investigator said about the time taken from 2 May 2024 when AFH received Mr D's completed UFPLS form which was required by Provider J in order to make the payment. I agree that AFH could've dealt with things quicker and that the payment of the tax free element could've been made on 23 May 2024 (instead of 29 May 2024) and the taxable part on 28 May 2024 (instead of 31 May 2024). Any delays by Provider J won't be AFH's responsibility so it's right to use the time Provider J actually took in working out when the payments should've reached Mr D.

I also understand why the investigator said there was insufficient evidence to say whether there'd been any delay on AFH's part during the earlier period – from 11 March 2024 until 2 May 2024. But my approach is slightly different. That's a timeframe of almost two months which, on the face of it, I think is too long. So, and given AFH's admission that there were delays on its part, I think it would be up to AFH to show there were no unavoidable delays on its part during that period.

As things stand, I've looked at the timeline set out in AFH's final response letter. Mr D's case was referred to AFH's Technical Research Team on 15 March 2024. Mr D asked for an update on 28 March 2024. It wasn't until 18 April 2024 that the Technical Research Team had concluded its work and Mr D's case was progressed to the Pre-Approval stage. And, by then, Mr D had been chasing things again – he'd asked for an update on 22 April 2024. On 26 April 2024 the Retirement Planning Report was issued in support of the regular income recommendation. Which was exactly six weeks after the matter had been referred to the Technical Research Team. In the absence of anything to suggest that Mr D's case was complex (which from what I've seen it wasn't), I think that's too long. Although it isn't a precise science I'd have thought those two stages could've been completed in, say, half of the time actually taken – so in three, not six, weeks.

Mr D then had queries about taxation which I think were dealt with reasonably promptly, following which the UFPLS form was issued and returned by Mr D to AFH on 2 May 2024.

So, factoring in the further period of delay at the outset, the tax free payment could've been made three weeks earlier – so on 2 May 2024 (instead of on 23 May 2024) – and the taxable element on 7 May 2024 (not 28 May 2024). So AFH should pay interest (at 8% simple pa) on the relevant amounts from those earlier dates to the dates of actual payment – that is from 2 May 2024 to 29 May 2024 and 7 May 2024 to 31 May 2024 for the tax free cash and the taxable element respectively.

I'd emphasise that what I've suggested is based on what information I've seen which is limited. If AFH wants to argue that the revised time frames I've suggested would've been unworkable AFH should explain why and provide any evidence in support.

I don't see that AFH is responsible for Provider J making an error in the payment of the taxable element – there's no suggestion that AFH gave incorrect instructions to Provider J who, for some reason, paid double the amount due to Mr D and so the tax paid to HMRC was also double. And I don't think AFH can be expected to explain how a mistake made by Provider J arose so I don't think there's any more that can be done in respect of this aspect of the matter. And it seems that Provider J was able to sort out the tax consequences of the mistake by claiming the overpaid tax back from HMRC. I note Mr D's comments about not wanting to pay tax on his pension payments. But, aside from the tax free element, the pension payments form part of his taxable income and are subject to income tax. Provider J was obliged to deduct income tax from the taxable element of the payment to Mr D and in accordance with Mr D's tax code. If Mr D still thinks he's paid too much tax he'll need to claim it back from HMRC.

I think the amount suggested by the investigator for distress and inconvenience is fair and reasonable.

To sum up I'm upholding Mr D's complaint in part. But I think the delays were longer than the investigator suggested. AFH will need to undertake an interest calculation for Mr D as I've outlined above. AFH should also pay him £350 for distress and inconvenience (less any amount that's already been paid – I'm referring here to the £150 that was offered but, as far as I'm aware, not paid as Mr D didn't accept the offer).'

Mr D accepted my provisional decision. AFH didn't respond to my provisional decision.

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.

In the absence of any further comments, information or evidence, my views remain as set out in my provisional decision. I've repeated what I said above and it forms part of my final decision. For the reasons I've explained, I'm upholding Mr D's complaint in part.

Putting things right

AFH must redress Mr D as I've explained above – that is on the basis the tax free payment could've been made on 2 May 2024 and the taxable element on 7 May 2024. So interest at 8% simple pa is due on the relevant amounts from those earlier dates to the dates of actual payment – that is from 2 May 2024 to 29 May 2024 and 7 May 2024 to 31 May 2024 for the tax free cash and the taxable element respectively. AFH must also pay Mr W £350 for distress and inconvenience.

My final decision

I uphold the complaint in part. AFH Independent Financial Services Limited trading as AFH Wealth Management must redress Mr D as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 May 2025.

Lesley Stead
Ombudsman