

The complaint

Mr S complains that Royal London Mutual Insurance Society Limited trading as Royal London (Royal London) used an unfair transfer date for his pension plan, causing him losses of around £11,000. He wants compensation for his losses.

What happened

Mr S wanted to transfer his Royal London Personal Pension Plan (the plan) to a new arrangement with Quilter, who were also providing him with advice. He says he knew his pension fund wouldn't be invested for a "*short*" period whilst the transfer was completed. Quilter requested the transfer from Royal London via the Origo system on 13 January 2025. In the following days Mr S could see the value of his plan increasing on Royal London's online portal from around £425,000 to around £436,000 by 20 January 2025, when the plan details disappeared. That day Royal London confirmed it had transferred £425,484.16 to Quilter.

Mr S's Quilter adviser queried the discrepancy of around £11,000 with Royal London. It said the correct transfer value had been paid, having used its normal process to lock in the valuation date when it received the transfer request. And it had processed the transfer in six working days compared to its service level agreement of ten working days. Royal London said the dates to be used for transfers were set out in the plan's terms and conditions and this was fair as it protected Mr S from any fall in investment values whilst a transfer was processed, although it accepted the opposite had happened here.

Mr S didn't agree and referred his complaint to our service. He said it was common practice for pension providers to use the "*final value*" at the time of transfer. And Royal London's practices resulted in the investment being out of the market for an excessive period despite the Financial Conduct Authority's (FCA) Consumer Duty requirements. He said Royal London were unfairly retaining £11,000 of his money, which was an excessive amount.

Our investigator looked into the complaint, and he didn't uphold it.

Our investigator said the plans terms and conditions did confirm that the transfer date would be the date all necessary written instructions were received. And Royal London had used the correct date. He said it assumed a business risk in doing this in that whilst the value had increased in this case, it could have fallen and had it, Royal London would have covered this. He said some time out of the market was inevitable whilst the administrative tasks involved in a transfer were completed. And as Royal London had processed this in a reasonable timeframe it had acted fairly and reasonably taking into account the applicable rules and regulations, including the Consumer Duty.

Mr S didn't agree. He said just because Royal London had followed a process didn't make it right. He said six working days was too long to complete the transfer and had caused investment losses. And he didn't agree that setting the valuation date when the transfer request was received minimised risk, as in his case it had given rise to a loss. Mr S said there was no need for Royal London to take on any business risk as it claimed, and it should

use the date the investment was encashed instead. And if there had been any reduction in value he would have been happy to accept it.

Our investigator didn't change his mind. He said six working days to process the transfer was reasonable, given the need to balance efficiency with due diligence. He said locking the value at the earliest point after a transfer was requested was the fairest way to handle the process for all consumers as it provided certainty. Because if markets fell, then investors would question why the value hadn't been locked in sooner.

As Mr S doesn't agree it has come 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.

Having done so, I'm not upholding the complaint.

I understand the points Mr S has made and the reasoning behind them. However, I don't think the process Royal London has used is unfair and it didn't take an unreasonably long time to complete the transfer, which means I can't uphold his complaint.

I think Royal London's process of locking the value and using the next available fund prices after it receives an actionable (all necessary information to hand) transfer request, is standard industry practice for this type of plan. And the process is clearly set out in the terms and conditions, and I'd expect that most advisory firms would be aware that this is common practice and manage expectations accordingly.

Ideally pension providers will complete transfer requests as soon as possible, but it isn't reasonable to expect all transfers to be processed in one or two days. The FCA's regulations don't require a business to provide an instantaneous service or process every transfer request in exactly the same time frame. Fluctuating levels of work and numerous other factors, some potentially outside of a business's control, make that unrealistic. It also wouldn't be fair for one consumer's request to be prioritised over another. So, locking the transfer value at the earliest point provides the fairest known outcome for all consumers, even though it won't always provide the best individual outcome, as it didn't for Mr S. And it does minimize downside risk to the transferring investor, which is carried by Royal London, which I think is likely to be of a concern to the majority of customers.

Using the date of encashment as the valuation point would be problematic for several reasons. Insurance funds (as here), like most collective investments are generally forward priced, which means they are bought and sold at the next pricing point rather than the prevailing price, which might have been set yesterday. Same day encashment isn't always possible (depending on what time the fund price is set), so there is always likely to be some retrospective aspect to establishing the fund value and the transfer itself then needs to be actioned. And such an approach might introduce more steps in the process and potentially take longer to complete. Forward pricing allows insurers, including Royal London as it has explained, to manage fund purchases and redemptions to minimise dealing costs and other expenses for the benefit of all investors in the fund, including Mr S during his time as a fund holder. And having some unspecified valuation date would also lead to complaints that processing had been deliberately brought forward or delayed benefitting Royal London rather than the consumer. Fixing the valuation at the earliest point avoids any possibility of this and I think is the fairest way to approach a difficult issue.

Royal London says its service level target is ten working days and it processed and paid Mr S's transfer in six days. Allowing for the BACs payment to clear, the funds would be with Quilter by 22 or 23 January 2025, still inside its ten-day target. I think this is a reasonable maximum timeframe to complete a straightforward transfer, as this one was. If Royal London had caused any delays and taken longer than that, it would be fair to consider whether that had caused investment losses and for it to also possibly pay compensation for the inconvenience caused. Payment of transfers by BACs, is also standard industry practice, but if speed is important it is usually possible to pay a small fee for a same day CHAPs bank payment which saves two to three days. That would normally be requested when the transfer application is submitted.

Whilst I understand Mr S's frustration at what has happened, but I don't think Royal London has treated him unfairly or unreasonably, so I can't uphold his complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 September 2025.

Nigel Bracken
Ombudsman