

## The complaint

Mr L complains that AJ Bell Management Limited trading as AJ Bell Investcentre (AJ Bell) was responsible – along with his existing investment partner – for the erroneous transfer of cash from his self-invested personal pension (SIPP) when he only requested the transfer of the invested funds to a new investment partner. He said those issues, and the delays which occurred when the cash needed to be returned, led to him suffering a financial loss. He would like to be returned to the position he would now be in had the errors and delays not occurred.

## What happened

Mr L held a SIPP which was managed by AJ Bell but contained investments from another provider on its own investment platform. In November 2023 Mr L wanted to transfer those investments to two different funds with another investment “partner” so his adviser initiated a transfer request – but only for the invested funds and not the cash that was held – as the fixed term product in which it was invested wasn’t due to mature until 1 January 2024. AJ Bell contacted the ceding investment provider requesting information but also wrote to the adviser setting out that the instruction had been received and how long the transfer might take. The process was temporarily put on hold at this point.

On 24 November 2023 Mr L’s adviser asked for the funds to be sold and transferred so that he could invest them. The process then began, and the ceding provider asked if the transfer of funds was to be in-specie (which it wasn’t) and whether the “large” amount of cash held should be sent first. AJ Bell confirmed this to be the case.

The transfer of funds to AJ Bell was made on 6 December 2023 but unfortunately the ceding firm transferred the entire SIPP investments including the cash. The cash element was subsequently reversed, and I understand Mr L has been compensated for the interest he lost as a result of that part of the transfer. But Mr L felt that, although the ceding firm had compensated him for the interest lost because of the erroneous cash transfer, he’d now discovered that the cause of this error was that AJ Bell had made an incorrect request which led to the transfer of the full value of the SIPP – including the cash that wasn’t to be transferred – instead of just the proceeds of the invested funds.

He complained to both firms as he believed this had led to a delay in investing the funds that should have been transferred correctly and wanted to be put back into the position he would now be in had AJ Bell’s error not occurred – along with compensation for the time his adviser had spent resolving the issue.

AJ Bell apologised for its error, confirming that it had resent the original transfer instruction when the adviser told it that Mr L now wanted to progress the transfer after it had been paused for some weeks, instead of confirming it was only the investments that were held in the SIPP which should be transferred. It also said:

- Mr L’s adviser had made it clear to the ceding firm on 5 December 2023 that the SIPP account shouldn’t be closed because it held a significant amount of cash. It would have expected the other provider to have queried this conflicting information at that time.

- It only became aware of the issue after the other provider contacted it to say that it had “*remitted too much cash.*” But this didn’t suggest AJ Bell had caused any problems with its initial transfer instruction.
- It accepted that Mr L might have thought it had caused a delay in recognising and reconciling the funds the other provider had sent, but its terms and conditions state that “*it may be up to five business days before payments or contributions or subscriptions or transfers made into your account in cash are available for use.*” In this case the money was applied five working days after the payment was received which it didn’t think was unreasonable.
- But in any case, the other provider had used an incorrect reference number which caused an issue with reconciliation. It was able to make the money available for return only three working days after it was given the correct reference number.
- So it didn’t think it was wholly responsible for the incorrect amount of cash being transferred nor had it caused any delays in applying the correct cash for investment that was received.
- It wouldn’t usually compensate an adviser for any additional costs involved in dealing with such matters. But it was prepared to offer Mr L £250 for any distress and inconvenience caused by the confusion over how the transfer should proceed.

Mr L says that he subsequently received a “verbal” offer of increased compensation from AJ Bell, but having rejected that offer he brought his complaint to us. One of our investigators looked into the matter and thought that AJ Bell ought to have applied the disinvested cash to Mr L’s SIPP within two working days of receiving it. He thought both AJ Bell and the ceding provider were at fault for the delay to some extent, and that having considered the sequence of events AJ Bell was responsible for two thirds of the delay. He said AJ Bell should work with the other provider to put Mr L as close to the position he would now be in had there been no avoidable delay. He also said AJ Bell should pay Mr L £250 for the distress and inconvenience the matter caused.

AJ Bell didn’t agree. It said:

- To have invested Mr L’s funds into his SIPP in two working days would have meant applying funds by 12 December not 11 December 2024 as indicated by the investigator.
- But in any case, its terms and conditions set out that “*cash payments may take up to five working days to be available for us*” and in this case it had adhered to these terms when investing Mr L’s cash. It didn’t think it was fair to uphold a complaint against it when it had worked within its own service standards – which we had broadly accepted in other adjudications. However, it also thought it had applied the funds within three working days of the investigator’s starting point of 8 December 2024 – which it thought was fair and reasonable.
- Its offer of £250 for its role in the confusion which arose during the transfer remained open to Mr L.

The investigator considered that the application of the Transfers and Re-registration Industry Group (TRIP) guidelines – of which AJ Bell was a member – meant that each stage of the transfer process should only take two working days, so the funds ought to have been applied by 8 December 2024. AJ Bell didn’t accept these guidelines applied to this situation which was simply an internal transfer administered by it as the SIPP provider from one investment partner to another. It remained of the view that in such a situation its internal standards should apply – so it had transferred the funds in a timely manner.

The investigator wasn't persuaded to change his view and, because AJ Bell didn't accept the rationale behind the use of the TRIG guidelines, it asked for the complaint to be referred to an ombudsman – so it was passed to me to review.

### *My provisional decision*

In my provisional decision I reached a different outcome and thought AJ Bell's offer of compensation for the distress and inconvenience caused was fair and reasonable. I thought it had applied Mr L's investment funds in a timely manner and within the service standards it had set out. I made the following points in support of my decision:

- It was clear AJ Bell's instruction to transfer "*all cash elements of the transfer*" was an incorrect instruction to the ceding investment partner on the second occasion it was sent. Although the investment partner might also have acted on Mr L's adviser's request not to transfer the cash element of the funds. However, the investment partner had compensated Mr L for the loss of interest on the cash, so Mr L hadn't suffered a financial loss on that part of his complaint. I did however need to consider the impact AJ Bell's actions had on Mr L.
- I then looked the investment loss Mr L said he'd suffered because of the delay in applying his other funds – when they'd been encashed – to his new investment partner. I thought AJ Bell, in applying the funds within five working days, had adhered to the standards it set out in its terms and conditions. But I also had to consider if AJ Bell had delayed matters even if it had adhered to its standards.
- I found that the investment partner hadn't included a reference number on its remittance advice to AJ Bell when it sent the funds, and I didn't think AJ Bell should have been able to reconcile the funds with Mr L's account when they were received. I thought to have acted otherwise was a risk AJ Bell shouldn't have taken and thought it was reasonable for it to request the number as additional security.
- This meant that AJ Bell had actually applied the funds within three to four working days which I thought was fair and reasonable.
- I did consider the TRIG guidelines but wasn't persuaded that AJ Bell had breached the guidelines or hadn't complied with them – so I didn't think that supported the idea AJ Bell had caused an avoidable delay by not acting within the TRIG guidelines.
- I thought AJ Bell's offer of £250 for the impact its part in the erroneous cash transfer had on Mr L was a fair and reasonable in the overall circumstances.

### *Responses to the provisional decision*

AJ Bell accepted the provisional decision, but Mr L didn't. He made the following points in support of his claim:

- He was disappointed with the decision I'd reached because it meant the adjudication we'd reached previously – which held AJ Bell and the investment provider responsible for all the delays – was now "*meaningless*" and left him suffering a direct financial loss as a result.
- To date he'd only been compensated for the interest on half of the cash funds which were erroneously transferred.
- He restated the timeline for the transfer and said it took eight days to settle but as a reference point his wife's transfer – which was identical – took only four days. He

thought AJ Bell were using the date it had received the correct reference number as a starting point, but in fact his adviser had been urging it to apply the funds each day and it would seem AJ Bell prioritised returning the erroneous cash before it decided to process the investment.

- He thought the delay was caused by a combination of errors from both parties, but in respect of AJ Bell he thought it sent the wrong transfer instruction to the investment partner and failed to invest a (substantial) sum of his money in a timely manner. So he thought it should accept some liability for the matter and should be asked to compensate him accordingly.
- We hadn't addressed the fact that AJ Bell had made a verbal offer to settle the complaint in a phone call some weeks after the complaint was raised. He rejected the offer because it was significantly less than the financial loss he thought he had suffered – but it supported the idea that AJ Bell accepted some culpability for what had happened.
- AJ Bell should have issued a new transfer instruction solely for the invested funds to the ceding investment partner.
- He explained the series of events which led to him claiming compensation against AJ Bell for the investment loss – which came to light when the investment partner refunded the interest he had lost because of the erroneous cash transfer, but wouldn't compensate him for the financial loss arising from the delayed investment of the rest of the funds. He simply wanted to be put back into the position he ought now to be in had the funds been invested in a timely manner.
- He didn't think AJ Bell had acted according to the regulator's principles and didn't ensure – as a first priority – that his funds were correctly allocated. He thought AJ Bell had acknowledged its errors, and the transfer process took three days longer than it should have done.
- Put simply he was the only party to lose out as a result of the process and through no fault of his own.

### **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.

And having carefully considered Mr L's further submissions and evidence I see no reasons to depart from my provisional findings. I appreciate Mr L's frustration with the change of outcome, and I have some sympathy for his position here – so I'll explain the reasons behind my decision below.

#### *The process up to and including the transfer request*

AJ Bell first alerted the investment partner with a request to transfer Mr L's assets on 2 November 2023.

Its request said, "*please note all cash elements of the transfer must be paid to our SDTL investment/property account.*" The transfer was then temporarily paused but when Mr L's adviser asked for the funds to be sold later that month, AJ Bell issued the same instruction for all the cash to be transferred. But Mr L's adviser told the investment provider that the

existing cash element of the SIPP was held in a fixed interest account so shouldn't be transferred at that time.

It's clear then that AJ Bell's instruction, understandably, led to the investment partner sending all of the SIPP assets to AJ Bell once they were sold. But it's equally clear it might have prevented that situation if it had followed the adviser's instruction or reverted to AJ Bell to question its transfer instruction.

Either way the transfer wasn't carried out in line with Mr L's request – and he suffered a financial loss. Both on the interest he lost on the erroneous cash transfer and, as Mr L asserts, from any delay that may have then occurred on the application of investment of the other funds that had been encashed.

In terms of the cash that shouldn't have been transferred I think both AJ Bell and the investment partner bear some responsibility. I'll consider the impact AJ Bell's actions had on Mr L later in this decision, but with regards to the interest lost while the cash that shouldn't have been transferred was held and then returned, Mr L has told us that the investment partner has paid that lost interest to him. So as Mr L has now been put in the position that he ought to have been without the erroneous transfer of that element of cash it wouldn't be fair to suggest any further payment, albeit it that AJ Bell has accepted some responsibility for that situation.

However, what I also have to now consider is the investment loss Mr L says he's suffered from any delay in applying the correctly transferred cash funds to his new investment partner.

#### *The investment loss arising from any delay in applying the funds*

In his response to us Mr L said that he's only been compensated for around 50% of the erroneous transfer, namely the interest he lost from the transfer of cash which wasn't supposed to be transferred. His assertion is that he hasn't been put back into the position he ought now to be in had the rest of the funds been applied to the new investment platform in a timely manner and without avoidable delay. He also suggests that any delay was linked to the erroneous transfer because AJ Bell prioritised returning the cash before applying the investment funds.

I haven't seen any direct evidence to support that idea, but in any case my consideration here is whether AJ Bell applied the funds in a timely manner and without any avoidable delay. So I've looked carefully at the timeline involved here and I think AJ Bell did act fairly in this case. I say that for two reasons.

I've seen the remittance advice showing the funds being transferred from the investment provider to AJ Bell - which was dated 6 December 2023. AJ Bell confirmed the funds were received at 4pm. And I've seen that the funds were applied to the new investment platform on 13 December 2023.

Assuming that as the funds were received at 4pm on 6 December 2023 that day wouldn't generally be included in the overall timescale, which means the transfer completed within five working days. AJ Bell's terms and conditions set out in section 2.2 that, "*it may be up to five business days before payments or contributions or subscriptions or transfers made into your account in cash are made available for use.*" So in the first instance I can't reasonably say that AJ Bell acted outside of the service standards that it laid out in those terms and conditions.

But that doesn't necessarily mean that there were no avoidable delays as, although AJ Bell said it may *take up to* five working days, it wouldn't be fair to use that as a defence where

there was evidence of a delay which meant it could have been progressed quicker. And Mr L has referenced his partner's similar transfer as evidence of AJ Bell reducing the five working day standard. Mr L is right to reference his partner's transfer as an example of what could have happened and so if AJ Bell received his funds on the same day then I have to consider why his transfer did take longer.

The difference with Mr L's transfer appears to be that the investment partner, apart from sending the incorrect amount of cash, also neglected to include the reference number AJ Bell had asked it to include as set out in its earlier instruction which said, "*please ensure the SCC number is included as the payment reference.*" I've seen evidence of communication between both parties regarding the missing number which wasn't resolved until AJ Bell was able to reconcile the funds on 8 December 2023. I know Mr L and indeed the investment partner felt that AJ Bell should have been able to recognise the funds from information such as Mr L's name and the size of the transfer – although it should be noted the transfer included the erroneous cash. But I wouldn't have expected AJ Bell to have completed the transfer without further investigation because of the risk involved around security and data protection.

All of which supports the idea that AJ Bell ought to have started the process of applying the funds on 8 December 2023, and as they were available for use on 13 December 2023, depending on the time of day the transactions completed, that would be either three or four working days. So looking at the date I think AJ Bell ought to have started the process and the date the transfer completed, I don't think I can reasonably say it wasn't progressed in a timely manner. I can understand Mr L's frustration here as there were issues with this transfer such as the erroneous cash transfer and the missing reference number on the remittance advice. But I'm not persuaded that AJ Bell was responsible for an avoidable delay in applying the previously invested funds to the new investment partner.

In his assessment the investigator referred to the TRIG guidelines as reason to believe AJ Bell had exceeded the maximum standard suggested for each step of the transfer process – namely two days. I did carefully consider the guidelines, but I'm persuaded that the two business day standard refers to a business "*completing each of their own steps in the transfer*", suggesting this guideline applies where multiple providers are involved in the transfer process. In this case AJ Bell was conducting an internal transfer of assets within of its own (Mr L's) SIPP from one investment partner to another – so I don't think it was appropriate.

There was also guidance around pension cash transfers – which I thought was more relevant. This guidance set out a standard of 10 business days for an end to end process. But in this case it wasn't a cash transfer until the investment partner had sold Mr L's assets – as supported by the guidelines which say, "*these timescales represent good practice for automated processing. In practice, pension cash transfers will take longer in some circumstances.*" So when considered overall I don't think I can say that AJ Bell breached the TRIG guidelines.

Mr L also said that he didn't think we'd addressed the issue of the verbal offer of compensation that was made to him by AJ Bell. He said that even though he rejected it because he didn't think it went far enough in providing satisfactory redress, it still supported his claim that AJ Bell accepted some culpability over this matter.

As Mr L rightly says he rejected AJ Bell's offer, and although I've not been presented with any evidence supporting the offer (it was made from a number which didn't offer call recordings), I don't dispute his version of events. AJ Bell's final response and submission to us didn't present an offer that I could consider in any case – and Mr L had previously rejected it, but my role here is to decide whether I think AJ Bell has caused avoidable delays

to the application of Mr L's funds, and I haven't found any reason to conclude that it has. In reaching that decision I've considered all the evidence that I've been presented with – including Mr L's evidence around the verbal offer.

In summary I think AJ Bell was partially responsible for the transfer of the cash that was to remain with Mr L's existing investment partner. But any financial loss that arose from that particular error has already been put right by the investment partner. I'll set out below why I think AJ Bell's offer of compensation for the impact its error had is fair and reasonable. But I can't reasonably say, allowing for the delay that occurred in applying the funds because of an absence of a reference number – which I think AJ Bell was entitled to resolve to its satisfaction before being able to proceed – that AJ Bell caused any investment loss through its actions in progressing the transfer. I think the period of three to four working days from when it should have progressed matter to completion is fair and reasonable as well as being within its own laid out service standards.

### **Putting things right**

AJ Bell has offered Mr L £250 for any distress and inconvenience caused over this matter. As I said previously Mr L was impacted to some degree because of his concern and worry about where his cash had gone and the inconvenience of trying to trace the cash and getting it returned. AJ Bell accepts that its instruction to the ceding investment partner wasn't clear so I think it has to bear some responsibility for the upset that Mr L would have suffered at that point.

But taking everything into consideration I think the offer of £250 is within the range of what I'd expect to see for the impact such an error would have had on Mr L for a short period of time. So I think it's fair and reasonable in all the circumstances of this complaint and that's what I think AJ Bell should pay.

### **My final decision**

AJ Bell Management Limited trading as AJ Bell Investcentre has made an offer of £250 to resolve the complaint and I think that's fair and reasonable in the circumstances – so it should now pay that to Mr L.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 10 July 2025.

Keith Lawrence  
**Ombudsman**