DRN-5594557

The complaint

Mr M complains about delays caused by Options UK Personal Pensions LLP when he asked it to transfer his Self-Invested Personal Pension (SIPP) to another provider.

What happened

Mr M held a "Smart SIPP." Options was the administrator of the Scheme. The Scheme Trustee held the assets in trust for Mr M. The scheme assets were held on an investment platform provided by a firm I'll refer to as G. In general terms, an investment platform is an online interface used to manage investments.

In February 2024 Mr M completed the necessary paperwork to transfer his SIPP to another provider. He requested an in-specie transfer. He says the process wasn't completed until July 2024. He had to contact Options and also G on several occasions to try to get the matter progressed. He says that as a result of the delays he's lost out on investment growth and had to continue to pay fees that he shouldn't have had to pay. He also complained he'd lost out because part of his investment was liquidated in May 2024 and the funds weren't transferred to his new provider until July 2024. He complained to Options about what had happened.

Options investigated his complaint. It said it had received the signed transfer-out form on 15 February 2024 and a request for a valuation on 10 March 2024. It had asked G, on 21 March 2024, to provide the valuation. It sent several reminders to G but only received the response to its request on 15 May 2024. That information had been sent to the receiving scheme which had confirmed on 20 May 2024 the assets which it could and could not accept. One of the assets was suspended and two other assets were not acceptable to the receiving scheme. All of the other assets could be transferred in-specie.

Options said it had contacted Mr M on 13 June 2024 and he'd confirmed he wanted it to retain the suspended asset.

Options acknowledged it had caused a delay at the start of the process. It said it should have been "more active" with contacting G. It didn't accept it was responsible for any other delays in the process. It agreed to waive its transfer out (in-specie) fee of £360 and offered to pay Mr M £100 as a gesture of goodwill.

Mr M did not agree. He complained to our service.

Our investigator looked into his complaint. He considered the Transfers and Re-registrations Industry Group (TRIG) framework, published in June 2018, which set out a timeframe for the completion of transfers. The framework was supported by the Financial Conduct Authority (FCA), so he thought it was fair to consider the timescales set out by TRIG as good practice for the completion of transfers. The TRIG framework said that for cash transfers the end to end timeframe (including bank clearance time) was ten business days. For more complex transfers a step-by-step standard of two full working days, plus the day of receipt, for each step had been established.

Applying the TRIG framework our investigator thought that the timeframe started at the point when Options was asked for a valuation by the receiving scheme – 10 March 2024. Options ought to have received this valuation by 15 March 2024. The receiving scheme had taken five days to respond to the valuation – so, applying the same timeframe, he thought that would probably have happened by 20 March 2024.

Options ought to have acted promptly to provide authority to sell the two assets that the receiving scheme could not accept and arranged for the sale proceeds to be received by the new provider by 3 April 2024 – in line with the TRIG timescale of ten working days for cash transfers. The in-specie transfer should have been completed at the same time.

Our investigator noted that Mr M wouldn't have suffered any financial loss because of the delay with the in-specie transfer – although he was inconvenienced and had to send several follow up emails to Options and G. He thought that both Options and G had contributed to the cash transfer being delayed and as a result they should each cover 50% of any financial loss Mr M had incurred.

Our investigator thought Mr M would have invested in the same way as he subsequently did, had the transfer completed on 3 April 2024 – but he would have done so at the earlier date. So, to put Mr M back into the position he would have been in, if there'd not been any undue delay, redress should be calculated as follows:

- Options should obtain the notional value of Mr M's pension from the new provider, on the basis that the two assets would have been sold on 21 March 2024 and the cash would have been received by the new provider on 3 April 2024 and invested by the new provider following receipt of the funds (Value A).
- Subtract the current value of his pension (Value B) from Value A.
- If the answer is negative no redress is payable. If the answer is positive Options should pay Mr M 50% of Value A minus Value B.

This amount should if possible be paid into Mr M's pension plan and should allow for the effect of charges and any available tax relief. If it wasn't possible to pay the amount into the pension plan it should be paid directly to Mr M as a lump sum after making a notional deduction for future income tax that would otherwise have been paid. Assuming his likely income tax rate in retirement would be 20% that meant a notional deduction of 15% overall should be applied.

Mr M queried whether any notional tax would be deducted if redress was paid into his pension. Our investigator confirmed that in these circumstances there would not be any notional deductions for tax. Mr M accepted what our investigator said.

Options did not respond to what our investigator had said. So, the complaint was passed to me to decide.

I asked Options to provide a copy of the terms and conditions that applied to Mr M's account and it provided a link to its terms and conditions.

I issued a provisional decision in which I said:

> ***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.*

The TRIG framework was published in 2018 and set out good practice timeframes for pension transfers. It established that most transfers should complete within ten working days. Where numerous transactions and counterparties were involved it set out a step by step standard of two full business days, plus initial day of receipt, to complete each step. The framework also set out the occasions where these time periods might not apply. As our investigator said, the TRIG framework is accepted as good industry practice.

When thinking about Mr M's complaint I've noted that the transfer of his SIPP did involve several counterparties and it was also complex. It was a part transfer of his assets because one asset was suspended and in the end it was agreed that this asset would not transfer to the new provider. As regards the residual assets part of the transfer was in-specie and part of the transfer was cash – because the new provider would not accept the transfer of those particular assets by way of an in-specie transfer. So, I think it's appropriate to consider what happened here using the step by step approach set out in TRIG.

Step 1 – The discovery request is sent by the new provider to confirm what is held in the SIPP

Mr M appears to have signed the forms requesting the transfer on 15 February 2024. In its final response letter Options said it had received the signed forms on 15 February 2024 and subsequently received the request (for a valuation) on 10 March 2024.

I'm satisfied, on balance, that the discovery request was received by Options on 10 March 2024 and it was only at that date when it could reasonably have been expected to start the work it needed to do to respond.

Step 2 - The ceding party will send a valuation back to the acquiring party via electronic re-registration message listing the assets held by the customer and their ISINs or other identifiers.

After Options received the request it was required to carry out its own due diligence. The TRIG clock "stops" whilst this process is being undertaken as it can be complex. However, in this case, Options only appears to have started the due diligence process on 21 March 2024. And it was able to conclude that process very quickly and without any delay. It was completed on 21 March 2024.

Having considered everything about the circumstances that applied here, I'm not persuaded, on balance it's fair and reasonable to say that the TRIG clock should have been stopped in this case. So, I think this step should still have been completed within the standard timescale set out in TRIG.

In order to obtain a valuation of the assets Options contacted the platform provider - G. I can see it did that on 21 March 2024. However, despite several follow up requests to G, the response to the valuation request was not received until 15 May 2024.

This response included all of the details that the new provider required including:

- *A valuation;*
- *Details of the asset that was suspended; and*
- *Confirmation of the information that was required for in-specie transfers and cash transfers.*

There was a significant delay completing this step. Applying the TRIG timescales, it should have been completed within three business days of receipt of the request. The request was received on 10 March 2024 (which was not a business day). So, allowing for two business days plus the date of receipt, the valuation should've been sent back to the new provider by 13 March 2024.

In its final response, Options acknowledged there was a delay. It said it could have been more active with contacting G for the valuations.

I can also see that during this step Mr M was in contact with both Options and G to try to get matters progressed. And he also provided his own valuation of the assets in an effort to expedite the transfer. Options was aware of how frustrating the situation was for Mr M.

The goal of the TRIG framework was to improve customer experience and to ensure that processes were improved. The background to the framework states:

> *"When moving investments, assets and entitlements between institutions, people have a legitimate right to expect the industry to execute their instructions in a timely and efficient manner. Furthermore, customers' service expectations are increasing due to the relative simplicity of switching in other markets. Slow transfers can cause detriment to customers; and the actions of one party can reduce the efficiency of all parties in the chain."*

TRIG says that an organisation will not be accountable for the underperformance of counterparties that are outside of their control. However in this case there was a "product partner" agreement between Options and G. Under that agreement G agreed to provide the investment administration service for the SIPP investment assets held on its platform on behalf of Options. The agreement included the standards that would apply in relation to how promptly instructions would be actioned. So, I'm not persuaded, given the contractual relationship that existed here, that the delay in obtaining the valuation was entirely outside of Options control. And, Options has acknowledged it could have been "more active" at this stage of the process.

There is also an onus on the various counterparties involved in the process to work together during the transfer process to ensure that the consumer's experience, when transferring a SIPP, is not adversely impacted and that the transfer is completed promptly and safely. Whilst it is the case that Options was reliant on the co-operation of G when it was seeking to complete this step, by its own admission it has acknowledged it could have done more.

The timeframe set out in TRIG for this step starts when the valuation request is received by the SIPP provider and ends when the valuation is sent to the new provider. So, the timescale of two business days (plus date of receipt) includes obtaining the response to the discovery request.

Having considered everything, notwithstanding the involvement of G, I'm persuaded on balance this step should reasonably have concluded within the standard two business days, plus the date of receipt, set out in the TRIG timescale – that would've been 13 March 2024.

Step 3 - The new provider will then add the list of assets to the customer's account, and confirm that it can (or cannot) hold all of the assets on their platform. If the new

provider cannot hold an asset, it will request the ceding party sells the asset and send funds to the new provider.

The new provider confirmed on 20 May 2024:

- *The suspended asset was to "stay with you;"*
- *it could not accept two of the listed assets. Insofar as these two assets were concerned it had received instructions from the client to "sell and transfer as cash."*
- *It requested some further information concerning nominee details and unit trust account numbers for certain assets.*

I've noted that the new provider took four business days (including the date of receipt) to complete step 3. So, on the assumption that this step could reasonably have started on 13 March 2024, it's fair to say the new provider would still have taken the same period of time to complete it. So, this step could have been completed on 18 March 2024. However after Options received the response from the new provider it said it needed to verify certain matters:

- *Did the Trustee of the Scheme authorise the transfer? and*
- *Did Mr M confirm that the suspended fund could remain with Options?*

It also needed to send the new provider the additional information it had asked for. Options had to request that information from G.

I can see that the Trustee authorisation was not sought until 19 June 2024 and formal authorisation was obtained on 1 July 2024. It's not clear why there was a delay in obtaining the trustee authorisation or why Options didn't inform G that the authorisation had been received until 5 July 2024.

Options asked Mr M for his confirmation about the suspended fund on 13 June 2024 and he confirmed his instruction on that same date.

There were also delays sending the additional information the new provider had requested.

Having thought about the verifications that Options sought at this point, I am satisfied, on balance it was required to take additional steps before it could proceed – given that this was now a partial transfer and the suspended fund was not to be transferred to the new provider. However, I'm persuaded it's fair and reasonable to say that the verifications could've been obtained within the standard step timescale of two days, plus day of receipt – that would've been 20 March 2024. So, Options was responsible for delays at this stage of the process.

Step 4 - OEICs are transferred by the ceding party sending an electronic re-registration message to the fund manager requesting the transfer. For cash transfers, the ceding party will instruct the sale of the assets if applicable.

Assuming that the verifications I've referred to above had been completed on 20 March 2024, step 4 could've commenced on that date.

By 20 March 2024 Options should have had all the information, and verifications, it needed to instruct the sale of the two assets and the transfer in-specie of the residual

assets. G would have been able to sell the two assets on 21 March 2024 (the next business day).

I've then thought about how long it should have taken to complete the sale of the assets and transfer the cash to the receiving scheme.

TRIG sets out that the end to end standard for two counterparties involving cash assets should be ten business days including the BACS timescales. So, applying the TRIG end to end timescale for the sale of the assets and the transfer of the cash, it's fair and reasonable to conclude that the cash transfer should've been received by the new provider on 5 April 2024 (allowing for non-business days during this period).

I think it's also reasonable to conclude that the in-specie transfer should have concluded at around the same time.

Having reviewed each step I have concluded there was a significant delay, of almost 16 weeks in total, in the transfer of Mr M's Options SIPP to the new provider.

What I've provisionally decided needs to be done to put things right

When thinking about what needs to be done to put things right our Rules provide that we can make a money award for such amount as we consider to be fair compensation for one or more of the following:

- *financial loss (including consequential or prospective loss);*
- *pain or suffering;*
- *damage to reputation;*
- *distress or inconvenience,*

whether or not a court would award compensation.

There is further information available on our website setting out what our service takes into account when deciding what amount of compensation would be fair overall to put right the impact a mistake or as here, a delay, has on a complainant.

<u>Financial Loss</u>

My aim is that Mr M should be put as closely as possible into the position he would probably now be in if the transfer of his SIPP had not been unduly delayed.

As our investigator said I don't think Mr M suffered any financial loss because of the delay in the in-specie transfer. Mr M hasn't provided any evidence to challenge what our investigator said on that point. Options has already waived the transfer-out fee for the in-specie transfer which I think is fair and reasonable in all the circumstances.

Mr M says he suffered financial loss because two of his assets were sold and the cash wasn't transferred to the new provider for a considerable period of time. I've decided that the assets should have been sold on 21 March 2024 and the cash transfer should have been completed by 5 April 2024. Infact the assets were sold on 21 May 2024 and the cash transfer wasn't made until 24 July 2024. So, the cash transfer was delayed by almost 16 weeks.

It is the case that Options was not solely responsible for the delay here. However, having considered the timeline of events, I'm persuaded it's fair and reasonable to say it was responsible for around half of the overall delay which occurred.

The role of our service is to resolve disputes fairly, reasonably, quickly and with minimum formality. Bearing that in mind and having considered everything that happened here, I think it's fair and reasonable that Options should be liable for 50% of any financial loss Mr M experienced as a result of the overall delay in transferring his SIPP.

Our investigator thought Mr M would have invested in the same way as he subsequently did, had the cash transfer completed at the earlier date. I've not been provided with any information which suggests that is not a reasonable assumption. So, I've provisionally decided that Options should carry out a financial loss assessment as set out below:

- *Obtain the notional value of Mr M's pension from the new provider on the basis that the two assets would have been sold on 21 March 2024 and the cash would have been received by the new provider on 5 April 2024 and invested in the same way as it was subsequently invested (Value A).*

- *Subtract the current value of Mr M's pension (Value B) from Value A.*

- *If the answer is negative no redress for financial loss is payable.*

- *If the answer is positive Options should pay Mr M 50% of Value A minus Value B. This amount should if possible be paid into Mr M's pension plan and should allow for the effect of charges and any available tax relief.*

- *If Options is unable to pay the compensation into Mr M's pension plan, it should pay that amount direct to him. But had it been possible to pay into the pension, it would have provided a taxable income. Therefore the compensation should be reduced to notionally allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount - it isn't a payment of tax to HMRC, so Mr M won't be able to reclaim any of the reduction after compensation is paid.*

- *The notional allowance should be calculated using Mr M's actual or expected marginal rate of tax at his selected retirement age.*

- *It's reasonable to assume that Mr M is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr M would have been able to take a tax free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.*

- *If either Options or Mr M dispute that this is a reasonable assumption, they must let us know as soon as possible so that the assumption can be clarified and Mr M receives appropriate compensation. It won't be possible for us to amend this assumption once any final decision has been issued on the complaint.*

Distress and Inconvenience

Options has already accepted that it was responsible for at least some of the delays here. And it has acknowledged that Mr M was caused distress and inconvenience. As I've said above, Mr M had to get involved in the process to try to get matters progressed. Despite that there were still long delays. So, I can understand how frustrated he would've been.

Options waived the transfer out fee for the in-specie transfer and it also offered to pay Mr M £100 as a gesture of goodwill. Having thought about everything including our guidelines for awards for distress and inconvenience, I think the offer to pay Mr M £100 for distress and inconvenience is fair and reasonable in all the circumstances that applied here. So, I don't intend to ask it to pay him anything further for distress and inconvenience.

My provisional decision

For the reasons given above I intend to uphold this complaint about Options UK Personal Pensions LLP. My provisional decision is that Options UK Personal Pensions LLP should carry out a financial loss assessment as set out below:

- *Obtain the notional value of Mr M's pension from the new provider on the basis that the two assets would have been sold on 21 March 2024 and the cash would have been received by the new provider on 5 April 2024 and invested in the same way as it was subsequently invested (Value A).*

- *Subtract the current value of Mr M's pension (Value B) from Value A.*

- *If the answer is negative no redress is payable.*

- *If the answer is positive Options UK Personal Pensions LLP should pay Mr M 50% of Value A minus Value B. This amount should if possible be paid into Mr M's pension plan and should allow for the effect of charges and any available tax relief.*

- *If Options UK Personal Pensions LLP is unable to pay the compensation into Mr M's pension plan, it should pay that amount direct to him. But had it been possible to pay into the pension, it would have provided a taxable income. Therefore the compensation should be reduced to notionally allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount - it isn't a payment of tax to HMRC, so Mr M won't be able to reclaim any of the reduction after compensation is paid.*

- *The notional allowance should be calculated using Mr M's actual or expected marginal rate of tax at his selected retirement age.*

- *It's reasonable to assume that Mr M is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr M would have been able to take a tax free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.*

- *If either Options UK Personal Pensions LLP or Mr M dispute that this is a reasonable assumption, they must let us know as soon as possible so that the assumption can be clarified and Mr M receives appropriate compensation. It won't be possible for us to amend this assumption once any final decision*

has been issued on the complaint.

And, if it hasn't done so already, I intend to require Options UK Personal Pensions LLP to pay Mr M £100 by way of compensation for distress and inconvenience he experienced as a result of what happened here.

Mr M responded to my provisional decision. He said that although he agreed with the reasoning he didn't understand the logic around the timescales and the practicality around how to assess the current market value. In response our service wrote to him as follows:

"The Ombudsman has considered your response and thought it might be helpful to provide some further clarification. She says that the loss calculation set out in the provisional decision aims to track exactly what did happen after the transfer was fully processed - but just on the assumption that it would have completed at an earlier point in time. So, she's currently not minded to change her view about how this complaint should be resolved - as set out in the provisional decision.

The "current value" is really just the "actual plan value" comparator to determine whether the cash transfer would have performed better had it all happened sooner. The current value will be the actual plan value at the date of any final decision along the lines of the provisional decision. The "notional value" to be reconstructed by the respondent business is the key figure for determining whether a loss has occurred. The notional value will be the value the plan should have had - again at the date of any final decision along the lines of the provisional decision. So, it will track the same investment decisions which have actually been made since (but had they happened proportionately earlier)."

Mr M responded and said he agreed with this approach. He hasn't made any further comments.

Options said it accepted the provisional decision. It was subsequently provided with a copy of Mr M's response and the further clarification given to Mr M by our service. It hasn't made any further comments.

So, I now need to issue my 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.

I've not been provided with any new arguments or further information that causes me to change my view, or the reasons for my view, about how this case should be resolved. However, for the avoidance of doubt, I've decided to include the further clarification Mr M was given by our service within my final decision.

My final decision

For the reasons given above I uphold this complaint about Options UK Personal Pensions LLP. Options UK Personal Pensions LLP should now take the following actions to resolve this complaint:

1. It should carry out a financial loss assessment as set out below:

- Obtain the notional value of Mr M's pension from the new provider on the basis that the two assets would have been sold on 21 March 2024 and the cash would have been received by the new provider on 5 April 2024 and invested in the same way as it was subsequently invested (Value A). For avoidance of doubt the notional value will be the value Mr M's pension should have had at the date of this decision. It will track the same investment decisions which have actually been made (but had they happened proportionately earlier).

- Subtract the current value of Mr M's pension (Value B) from Value A. For avoidance of doubt the "current value" will be the actual value of Mr M's pension at the date of this decision.

- If the answer is negative no redress is payable.

- If the answer is positive Options UK Personal Pensions LLP should pay Mr M 50% of Value A minus Value B. This amount should if possible be paid into Mr M's pension plan and should allow for the effect of charges and any available tax relief.

- If Options UK Personal Pensions LLP is unable to pay the compensation into Mr M's pension plan, it should pay that amount direct to him. But had it been possible to pay into the pension, it would have provided a taxable income. Therefore the compensation should be reduced to notionally allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount - it isn't a payment of tax to HMRC, so Mr M won't be able to reclaim any of the reduction after compensation is paid.

- The notional allowance should be calculated using Mr M's actual or expected marginal rate of tax at his selected retirement age.

- It's reasonable to assume that Mr M is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr M would have been able to take a tax free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.

2. If it hasn't done so already, Options UK Personal Pensions LLP should pay Mr M £100 by way of compensation for distress and inconvenience he experienced as a result of what happened here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 July 2025.

Irene Martin
Ombudsman