

The complaint

Ms P complains that St James's Place UK plc (SJP) delayed the transfer of her personal pension account to another provider and failed to provide transparent information about the early withdrawal charges (EWCs) it applied.

What happened

Ms P opened a Retirement Account with SJP in October 2014. She says SJP encouraged her to transfer further funds into her retirement account over subsequent years. She says when she asked SJP about the EWCs in 2014, it told her she'd receive better returns which would "beat" the additional charges she would incur. And, SJP told her that the exit charges were for guidance only – but she wouldn't incur these as she wouldn't want to move to another provider.

Ms P says she became aware in or around 2022 that the charges she was paying were high relative to the value of her portfolio and she decided to transfer her Retirement Account to another provider.

Ms P submitted her transfer request in January 2023. She says the transfer wasn't completed until 6 March 2023 and the funds were received by the new provider on 8 March 2023. Ms P says that as a result of the delays she's lost around £15,000 in investment growth.

She complained to SJP about what had happened.

SJP investigated her complaints and responded as follows:

- Pension transfer delay – final response letter issued 28 April 2023

SJP acknowledged it had received the transfer request on 12 January 2023. It said there was a live transaction open on her account which had to be resolved before it could proceed. It also said it had used pricing of 12 January 2023 and then deducted any EWCs that applied before transferring the residual amount to the new provider. SJP said that in order to ensure there was no loss to Ms P it would contact the new provider to request a calculation on what the value of her fund would be had the transfer completed sooner.

Ms P wasn't satisfied with this response. She asked SJP how the new provider would be able to calculate the value of her fund if it had been transferred earlier. She also asked for further information about the "live" transaction and the EWCs it had referred to. Ms P hasn't heard further from SJP in relation to this matter.

- Early Withdrawal Charges – final response letter issued 1 September 2023

SJP said it had made the charges clear to Ms P. The charges had been set out in the Key Features Documents and the illustrations she was given when her Retirement Account started and also each time she'd made additional contributions. This included charges for initial advice, ongoing advice and for the products, including managing and maintaining the

underlying investments. It also included the EWCs which applied to withdrawals and encashments made during the first six years on a reducing scale. SJP said it had provided details of the charges to Ms P.

SJP acknowledged it had made some errors in terms of the service it had provided between 2014 and 2018. It apologised for this and offered to refund some of the charges and paid her compensation for the inconvenience she'd experienced as a result of its errors. It did not accept it should refund any of the EWCs.

Ms P did not agree. She referred her complaint to our service.

Our investigator looked into her complaint. He said he was only looking into those parts of Ms P's complaints which dealt with administrative matters – specifically her complaints about the pension transfer delay and issues about the EWCs that had been applied. She had raised other issues which were being dealt with separately. He pointed out that despite several reminders, SJP had failed to respond to his requests for information. So, he'd reached his view about Ms P's complaint based on the evidence and arguments that had been made available.

Our investigator said:

Pension delay

He thought the offer set out in SJP's final response letter had been fair. However he noted that, contrary to what SJP had said, he'd received evidence from the new provider which suggested that the price SJP used was 3 March 2023 and not 12 January 2023. He was also unable to confirm what SJP had said about a live transaction on the Retirement Account. So, he thought to put things right SJP should:

- obtain information and calculate what the notional value of Ms P's pension with the new provider would have been had it been transferred to the new provider on 19 January 2023 and Ms P had made the same investments;
- calculate the difference between the notional value and the actual value of Ms P's pension to see if she'd made a financial loss;
- if there was a loss, SJP should pay this into Ms P's pension plan to increase its value by the amount of the compensation and any interest. The amount paid should allow for the effect of charges and any available tax relief. Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance;
- If SJP weren't able to pay the compensation into Ms P's pension it should pay that amount direct to her (after an adjustment to notionally allow for any income tax that would otherwise have been paid, assuming Ms P would be a basic rate taxpayer at the selected retirement date).

Early Withdrawal Charges

Our investigator said that our service would look to see if Ms P had been made aware of the charges that would apply. Having read the documentation which had been issued to Ms P, he said that the charges had been set out in a clear and transparent way – including the EWCs. So, he didn't think it was fair to ask SJP to waive these fees.

Our investigator noted that if a complaint about advice Ms P had received was upheld then the fees (such as any EWCs, if applicable) for that particular contribution should be returned as the advice should never have been implemented.

Overall our investigator thought that the service Ms P had received was poor. He said he

couldn't see that she'd been offered compensation for the distress and inconvenience caused in relation to the delayed transfer and he thought SJP should pay her £200 for distress and inconvenience.

Ms P agreed with what our investigator said. SJP had not replied despite several requests for a response. So, the complaint was passed to me to decide.

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.

At the outset, I'd just comment that in this decision, I'm only dealing with the following complaints which Ms P has raised in relation to the retirement account she held with SJP. She has raised other complaint points including issues about the suitability of the advice she received when she transferred a defined benefit pension to the retirement account, issues about ongoing advice charges applied to her retirement account and issues about her Individual Savings Account. Those complaints have been looked at separately. So in this decision I will only be considering the following complaint points:

- The delay in the transfer of Ms P's retirement account to the new provider; and*
- The transparency of the information Ms P was given about the EWCs.*

The delay in the transfer of Ms P's Retirement Account to the new provider

I've looked at the information about the transfer which appear on the ORIGO records. ORIGO is an electronic platform used to carry out pension and asset transfers. The information shows that the transfer request was submitted on 11 January 2023. The funds were sent by BACS transfer to the new provider on 6 March 2023 and received by the new provider on 8 March 2023. ORIGO records the reason for the delay in the transfer was "internal processing."

I've also considered the information provided by the new provider which includes internal emails between it and Ms P's financial adviser. These indicate that the new provider was in contact with SJP on the following dates:

9 February 2023 – the new provider said SJP told it that the case "hasn't been worked on yet because they are yet to finish and close off a previous case... this is part of their internal processes."

22 February 2023 – the new provider said SJP told it the case "hasn't been picked up to work on... this was because the deposits team hadn't closed off on a previous case..." however, SJP "weren't too sure why this was....this had been escalated to be worked on."

In its final response letter SJP said the reason for the delay had been because there was a "live transaction open" on the account.

Ms P asked SJP for further details but it hasn't provided a response and it hasn't provided anything further to our service.

In June 2018, the Transfers and Re-registration Industry Group (TRIG) published a framework which set out good practices for providers when transferring assets such as pensions. TRIG believed that providers should adopt an end to end timescale for a transfer between two counterparties involving cash assets, from when the acquiring party received a completed instruction to when it received the funds should be 10 business days, including BACS timescales. The timescale represented good industry practice.

The framework was supported by the Financial Conduct Authority (FCA). So, I think it is fair to consider the TRIG timescales as good practice for the completion of pension transfers.

The ORIGO request was submitted on 11 January 2023. So, applying the standard TRIG timescales, that means the transfer (including BACS timescales) should have been received by the new provider on 25 January 2023.

SJP says the reason for the delay was because there was a “live transaction” which needed to be closed off. However, although it appears from the email exchanges between SJP and the new provider that there was something which needed to be closed off from a previous case, it’s not clear what that was or why it took so long to close it off. It also appears that SJP itself wasn’t sure why this was causing a delay.

Having considered everything, I’m not persuaded, on balance, that whatever issue arose in terms of SJP’s internal processing, there’s enough evidence to support the view that the transfer should have been delayed beyond the standard processing times.

In its final response letter, SJP accepted it had caused delay. It didn’t say when it believed the transfer should have completed. Our investigator thought SJP should have processed the transfer and completed the payment five working days from the receipt of the transfer request. However, having regard to the timescales in the TRIG framework, I’m persuaded, on balance, it’s fair and reasonable to apply the standard timescale of ten business days to complete the transfer.

So, I’ve provisionally decided that the funds should have been sent to the new provider on 23 January 2023 and received by it on 25 January 2023 (two business days later).

SJP says the value it transferred to the new provider applied the 12 January 2023 pricing. Ms P has queried this and our investigator also thought the evidence he’d seen from the new provider indicated that the value transferred may have used the 3 March 2023 pricing. In its letter to the new provider dated 6 March 2023, SJP said the “Prices Date” was 3 March 2023.

I’ve not been provided with any further information by SJP. So there remains a doubt about what pricing date was actually used when the transfer was made. SJP did deduct the EWCs from the value before making the transfer and so the value transferred would have been less than the value of the retirement account at the pricing date.

I’ve provisionally decided it’s fair and reasonable to say that SJP should have applied the 12 January 2023 pricing. That’s the usual practice where a transfer out request is received via the ORIGO system.

I’ll comment further below about what I’ve provisionally decided SJP needs to do to

put things right.

The transparency of the information provided about the Early Withdrawal Fees

SJP deducted its EWCs from the transfer funds before making the transfer. Ms P doesn't think it should have done that. She says the EWCs were never explained to her, especially the tiered charges and how she needed to stay with SJP for six years.

Ms P made several contributions to her retirement account during the period since 2014. I've looked at the suitability reports and other documentation she was issued with on each occasion. I've noted for example the wording in the suitability report dated 3 November 2020. It stated:

"The St. James's Place Retirement Account which I have recommended is subject to Early Withdrawal Charges.

When benefits are taken from the plan drawings of up to 7.5% of the value of the investment on the day after the investment was made can be taken without any charge being made. This is referred to as the Annual Withdrawal Allowance (AWA) and it is cumulative in each year that an Early Withdrawal Charge applies. If you choose to withdraw funds in excess of your available AWA an Early Withdrawal Charge (EWC) will apply to the excess.

As funds are being moved into your St. James's Place Retirement Account from external providers this element of the plan will be subject to an EWC. The EWC on your St. James's Place Retirement Account funded from those funds will be 6% in the first year and this will reduce annually by 1%."

Similar wording appeared in subsequent suitability reports which were issued to her. She was also issued with illustrations and other documentation which set out information about the EWCs and how they would be calculated. For example, the Illustrations included the following wording:

"Advice and Product Charges...

[information about initial and ongoing charges]

Together with a Product Early Withdrawal Charge of 1.00% for the first six years."

The Effect of Advice and Product Charges

[information about Annual Management Charges]

Early Withdrawal Charge

<i>In the first year</i>	<i>6.00%</i>
<i>Reducing each year until, in the sixth year</i>	<i>1.00%</i>
<i>Thereafter</i>	<i>0.00%</i>

Ms P also says she recalls raising the matter of the EWCs with the adviser in 2014

when she was initially advised to open the retirement account. And although she says she was told she'd never want to leave SJP, I'm satisfied, on balance, she was made aware that if she did – EWCs would apply.

Having considered everything here, I'm persuaded on balance that Ms P was aware that EWCs would apply in the event that she closed the account or transferred to another provider. And, I'm also satisfied on balance that the information in the documentation issued to her was clear about the fact that EWCs would apply and how they would be calculated.

Our investigator stated that if a complaint about advice Ms P had received was upheld then the fees (including the EWCs, if applicable) for that particular contribution should be returned as the advice should never have been implemented.

Ms P did refer her complaint to our service about the suitability of the advice she'd received in 2020/2021 when she was advised to transfer a defined benefit pension into her retirement account. I have noted that an Ombudsman has issued a final decision in relation to that complaint. He did not uphold Ms P's complaint. I am not aware of any outstanding complaints about advice Ms P received.

Having considered everything, I've provisionally decided not to uphold this part of Ms P's complaint.

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

I have provisionally decided to uphold that part of Ms P's complaint which is about the delay in the transfer of her pension. I have provisionally decided not to uphold that part of her complaint which is about the transparency of the information she was given about the EWCs.

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.

Financial Loss

My aim is that Ms P should be put as closely as possible into the position she would probably now be in if the transfer of her retirement account had not been unduly delayed.

I haven't received any information that indicates Ms P would have invested in a

different way if there hadn't been a delay to the transfer of her retirement account. So, I've provisionally decided that SJP should carry out a financial loss assessment as set out below. In this financial loss assessment the transfer value used should apply the pricing for Ms P's retirement account at 12 January 2023 and after the deduction of any EWCs that were payable:

- Obtain the notional value of Ms P's pension from the new provider on the basis that the funds had been transferred to the new provider on 23 January 2023 and received by it on 25 January 2023 and invested in the same way as the funds were subsequently invested (Value A).*
- Subtract the current value of Ms P's pension (Value B) from Value A.*
- If the answer is negative no redress for financial loss is payable.*
- If the answer is positive SJP should if possible pay this amount into Ms P's pension plan and should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance;*
- If SJP is unable to pay the compensation into Ms P's pension plan or it has protection or allowance implications, it should pay that amount direct to her. 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 Ms P won't be able to reclaim any of the reduction after compensation is paid.*
- It's reasonable to assume that Ms P is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Ms P has remaining tax-free entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to her likely income tax rate in retirement, presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.*
- If either SJP or Ms P dispute that this is a reasonable assumption, they must let us know as soon as possible so that the assumption can be clarified and Ms P 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

SJP has already acknowledged that it was responsible for a delay here and it offered to compensate Ms P for any financial loss she suffered as a result of the delay. However, it hasn't carried out any financial loss assessment and failed to respond to the correspondence Ms P sent it concerning this matter. Although it did offer compensation for distress and inconvenience regarding other complaints Ms P made, SJP didn't offer any compensation for the distress and inconvenience she'd been caused because of the delay in the transfer.

Our investigator thought that SJP should pay Ms P £200 for distress and inconvenience because of the delayed transfer. Having considered everything I think that's fair and reasonable in all the circumstances that applied here. So I've provisionally decided that SJP should pay Ms P £200 by way of compensation for

distress and inconvenience.

My provisional decision

For the reasons stated above I've provisionally decided to uphold this complaint, in part, about St. James's Place UK plc.

I've provisionally decided that St. James's Place UK plc should take the following actions:

- 1. Carry out a financial loss assessment as set out below. In this financial loss assessment the transfer value used should apply the pricing for Ms P's retirement account at 12 January 2023 and after the deduction of any EWCs that were payable.*
 - Obtain the notional value of Ms P's pension from the new provider on the basis that the funds had been transferred to the new provider on 23 January 2023 and received by it on 25 January 2023 and invested in the same way as the funds were subsequently invested (Value A).*
 - Subtract the current value of Ms P's pension (Value B) from Value A.*
 - If the answer is negative no redress for financial loss is payable.*
 - If the answer is positive St James's Place UK plc should if possible pay this amount into Ms P's pension plan and should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.*
 - If St James's Place UK plc is unable to pay the compensation into Ms P's pension plan, or it has protection or allowance implications, it should pay that amount direct to her. 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 Ms P won't be able to reclaim any of the reduction after compensation is paid.*
 - It's reasonable to assume that Ms P is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Ms P has remaining tax-free entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to her likely income tax rate in retirement, presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.*
 - If either SJP or Ms P dispute that this is a reasonable assumption, they must let us know as soon as possible so that the assumption can be clarified and Ms P receives appropriate compensation. It won't be possible for us to amend this assumption once any final decision has been issued on the complaint.*
- 2. Pay Ms P £200 by way of compensation for distress and inconvenience.*

Ms P responded to say that she had nothing further to add.

SJP also responded to my provisional decision. It said it accepted the 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 received any new arguments or additional information that causes me to change my view, or the reasons for my view, as set out in the provisional decision, about how this complaint should be resolved.

My final decision

For the reasons given above I uphold this complaint, in part, about St. James's Place UK plc.

I now require St. James's Place UK plc to take the following actions:

1. Carry out a financial loss assessment as set out below. In this financial loss assessment the transfer value used should apply the pricing for Ms P's retirement account at 12 January 2023 and after the deduction of any EWCs that were payable.
 - Obtain the notional value of Ms P's pension from the new provider on the basis that the funds had been transferred to the new provider on 23 January 2023 and received by it on 25 January 2023 and invested in the same way as the funds were subsequently invested (Value A).
 - Subtract the current value of Ms P's pension (Value B) from Value A.
 - If the answer is negative no redress for financial loss is payable.
 - If the answer is positive St James's Place UK plc should if possible pay this amount into Ms P's pension plan and should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.
 - If St James's Place UK plc is unable to pay the compensation into Ms P's pension plan, or it has protection or allowance implications, it should pay that amount direct to her. 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 Ms P won't be able to reclaim any of the reduction after compensation is paid.
 - It's reasonable to assume that Ms P is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Ms P has remaining tax-free entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to her likely income tax rate in retirement, presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.
2. Pay Ms P £200 by way of compensation for distress and inconvenience.

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

Irene Martin
Ombudsman