

## The complaint

Mrs L complains about the amount of Tax-Free Cash (TFC) she has received from her INTEGRATED FINANCIAL ARRANGEMENTS LTD trading as Transact (Transact) pension. She says Transact told her she would be able to take 25% TFC from her pension, instead of making it clear that no TFC would be available on part of her pension. She says this disrupted her retirement plans.

## What happened

Mrs L has an investment Portfolio with Transact. Within her Portfolio she holds a Personal Pension Plan.

In December 2012, Transact received instructions to transfer pension benefits from two of Mrs L's ex-husband's pension plans with different providers into her Transact pension, as part of a Pension Sharing Order (PSO). I'll refer to these providers as provider A and provider B.

The transfer forms stated that both transfers were to be paid into the Transact pension as 'uncrystallised' benefits. Uncrystallised refers to pension funds that haven't been accessed or used to provide benefits. But when Transact received the transfer from provider A, the transfer information notice stated that there was no TFC available on the sum transferred.

On 3 January 2013, Transact received £102,706.85 from provider A and a transfer confirmation notice. Under the section 'Value of Fund with Pension Commencement Lump Sum availability' this stated '£0.00'.

Transact then received £40,230.01 from provider B on 11 January 2013.

On 25 November 2024, Mrs L's financial advisers contacted Transact to let it know that Mrs L wanted to take the maximum TFC from her pension.

Transact contacted provider A on 26 November 2024 as its transfer notification stated no TFC was available for the proceeds of the pension transferred from its scheme. It questioned this, noting that Mrs L's ex-husband was aged 41 at the time of the transfer.

On 27 November 2024, provider A confirmed that the transferred pension had no TFC available.

Transact informed Mrs L's financial adviser (IFA) that no TFC was available for the funds transferred from provider A. The IFA then raised a formal complaint against Transact on 2 December 2024. It said it didn't know that TFC had already been taken. And felt that Transact's records hadn't been clear that TFC wasn't available on the provider A part of Mrs L's pension. The IFA also said that the advice it'd provided to Mrs L had been based on her having full 25% TFC entitlement on all of her Transact pension. But it confirmed that Mrs L still wanted to proceed with the maximum TFC actually available.

On 5 December 2024, Transact sent a payment of £20,001.47 to Mrs L.

Transact issued its final response to Mrs L's IFA on 13 December 2024. It explained that if funds were transferred as part of a PSO, they would be placed into the new pension as 'uncrystallised' funds. It said that when Mrs L's funds were transferred, they were correctly placed into an uncrystallised pot. However, as the TFC had already been taken by Mrs L's ex-husband, there was never any TFC available from that part of the transfer. Transact felt that Mrs L and/or her IFA should've been aware about the types of benefits being transferred through the PSO. It said it wasn't responsible for the advice the IFA had provided to Mrs L.

Transact said it was sorry that Mrs L was disappointed. It offered her £200 to acknowledge the disappointment the situation had caused.

Mrs L was unhappy with Transact's response. So she brought her complaint to this service through her representative. She said neither she nor her adviser had been told that the transfer from provider A had no further entitlement to TFC. She said Transact had accepted that transfer without telling her or her adviser that it had no TFC available, despite the fact that it was aware of the situation when it accepted that pension. As such, she'd spent the last 12 years believing that she had entitlement to a 25% TFC from her entire Transact pension, with all her retirement planning being based on that.

Mrs L said that she'd planned her retirement on the basis of having around £65K of TFC available, but she'd only received around £20K. She said she'd now have to work for at least another three to five years before she could afford to retire. Mrs L said the issue had had a significant impact on her mental health. She wanted Transact to pay her £8,800 compensation. She said this amounted to the basic rate of tax on the difference between the TFC she'd received and that she'd expected. She felt the £200 compensation Transact had offered was insulting.

Transact said that it'd correctly labelled Mrs L's pension transfer. It also said it hadn't advised her. And that it wasn't responsible for the advice her IFA had provided. It said she'd had the same adviser firm since she started her Transact Portfolio. It therefore felt that the IFA should've been aware of the benefits Mrs L was transferring. Transact said it didn't know that Mrs L and her adviser had been unaware that the transferred pension from provider A was already crystallised.

Transact accepted Mrs L was disappointed about receiving a lower amount of TFC than she'd been expecting. But said she'd received the correct amount of TFC.

Our investigator first considered whether the complaint had been brought to this service in time for us to consider its merits. She concluded that it had. And went on to consider the merits of the complaint.

Our investigator didn't think it would be fair to ask Transact to pay Mrs L the £8,800 she'd requested. She said this was because it'd been correct that there was no further TFC available from the provider A pension. But she felt that Transact did have some responsibility for Mrs L's loss of expectation. She said this was because she'd been provided with copies of projected TFC illustrations sent by Transact that showed the different amounts of TFC Mrs L could receive if she took 25% of her pension. She felt these were misleading as they said Mrs L could potentially receive £59,600 in TFC.

Our investigator said that despite Mrs L having financial advice, Transact had known the provider A transfer had no available TFC. She felt it would've been reasonable for Transact to highlight this to Mrs L and/or her adviser. As Mrs L hadn't known about the lack of TFC until 2024, our investigator felt she'd suffered a loss of expectation, requiring her to work longer than she thought she'd have to. As such, and given the impact this had had on her, she recommended that Transact increased its compensation for distress and inconvenience

to a total of £500 to reflect that loss of expectation.

Mrs L said she mostly agreed with our investigator's rationale. But she felt that the £500 compensation she'd recommended wasn't enough. She said that companies which behaved in an incompetent and unprofessional manner should be held to sterner account for their failures.

Our investigator sent the TFC illustration held on our file to Transact. She also explained to Mrs L that our role wasn't to punish businesses. She still felt it would be reasonable for Transact to pay Mrs L a total of £500 compensation.

Transact asked this service to provide the TFC illustrations our investigator had referenced in her view. It suspected that these might've been generated by the adviser from the Transact Portal and then sent to Mrs L. But it said it was prepared to accept her proposed view and pay Mrs L £500 to settle the complaint. Our investigator provided the undated projections to Transact.

As agreement couldn't be reached, the complaint has come to me for a review.

### **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 going to uphold it. But I agree with our investigator that the £500 compensation she recommended Transact pays Mrs L is fair under the circumstances of this complaint. I'll explain the reasons for my decision.

Before I start, I agree with our investigator, and for the same reasons, that this service does have the power to consider the merits of this complaint. As Transact has accepted our investigator's view, I'll not comment further on the jurisdiction of this case.

I went on to consider whether the evidence shows Mrs L has been paid the correct amount of TFC.

#### *TFC*

I acknowledge that Mrs L expected to receive around £65K of TFC from her Transact pension. But I'm satisfied that the evidence shows that she was only entitled to TFC from that part of her pension which was transferred from provider B. I say this because the evidence is clear that the TFC from that part of her pension which came from provider A had already been taken by her ex-husband before those funds were transferred. I would've expected this to have been communicated to Mrs L as part of the divorce settlement.

As such, I can't fairly require Transact to compensate Mrs L for any lost TFC, as I'm satisfied she has received the correct amount.

I next considered Mrs L's loss of expectation. And whether Transact has any responsibility for this.

#### *Loss of expectation*

Mrs L's representative has provided this service with a screenshot of a projection it says shows that Transact told her she should expect a much higher TFC than she was eligible for. The screenshot showed a projected TFC of between £44,500 and £59,600. It isn't dated. But

it is printed on paper with a Transact footer.

Mrs L says that Transact never told her that TFC wasn't available on the provider A part of her pension, despite knowing that to be the case. She also said that the advice provided by her IFA was based on her having full 25% TFC entitlement on all of her Transact pension. I can therefore understand why it's been such a significant loss of expectation for her to find out that she was never actually entitled to any TFC on the larger of the two transfers into her Transact pension.

Transact says it wasn't responsible for the advice Mrs L received, noting that Mrs L had retained the same adviser firm since before she started her Transact Portfolio. It therefore expected her/her IFA to know what benefits were being transferred under the PSO. It said it didn't and couldn't have known that she didn't know there was no available TFC left on the provider A pension transfer.

Our investigator felt that the projected TFC illustrations Transact had sent Mrs L were misleading as they said she could potentially receive £59,600 in TFC. She felt it would've been reasonable for Transact to have told Mrs L and/or her adviser that her provider A transfer had no TFC left.

Transact told this service that it was usually the adviser who created the illustration for their client from the Transact Online Portal. It said it would usually only generate illustrations for non-advised clients. It also said that there was a default of 25% for the TFC section, but the user could untick that and add another amount if required. It therefore felt that it wasn't responsible for the projection incorrectly showing 25% TFC.

Having considered all the points both parties have made, I'm persuaded that Transact wasn't responsible for the incorrect projections Mrs L has shared with this service. I say this because I think it's more likely than not that her IFA – who it's clear from the evidence didn't know that the provider A pension transferred to Transact had no remaining TFC – would've simply left the default 25% in the TFC section when creating the illustration.

However, I agree with our investigator that Transact would've provided Mrs L with a better service if it'd clearly told her that no TFC was available on her provider A pension. Had it done so from the start, her adviser could've provided her with advice reflecting her true situation from the start. I therefore agree with our investigator that Transact should pay Mrs L £500 compensation for the loss of expectation she's suffered over a prolonged period of time.

I acknowledge that Mrs L doesn't feel that £500 compensation is enough for the loss of expectation she's suffered. I appreciate how difficult it has been to find herself in the situation she's in. But I can't reasonably agree that Transact should pay additional compensation. As I noted above, I would've expected Mrs L and/or her divorce lawyer to have known what the PSO covered. And I would've also expected her IFA to have known that the TFC from the pension transferred from provider A had already been taken. Therefore, while I'm happy to see that Transact has accepted it could've provided Mrs L with clearer information sooner, I can't fairly say that Transact is mainly responsible for Mrs L's loss of expectation.

Overall, I agree with our investigator that Transact should pay Mrs L a total of £500 compensation for the distress and inconvenience/loss of expectation she's suffered.

### **Putting things right**

INTEGRATED FINANCIAL ARRANGEMENTS LTD trading as Transact must pay Mrs L

£500 compensation for the loss of expectation she's suffered. If it has already paid her the £200 compensation it originally offered, it can deduct this first.

### **My final decision**

For the reasons set out above, I uphold Mrs L's complaint. INTEGRATED FINANCIAL ARRANGEMENTS LTD trading as Transact must take the action detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 20 October 2025.

Jo Occleshaw  
**Ombudsman**