

The complaint

Mr D complains about what he says were unnecessary delays and errors caused by Quilter Financial Planning Solutions Limited (Quilter) in recommending and then processing the transfer of his pension and payment of his tax-free cash (TFC) lump sum. He says that when the funds were eventually transferred he only received the TFC, and the residual funds were put into a new plan even though he'd asked for the entire fund to be paid to him as a lump sum. He also said the delay meant that he had to borrow funds to help fund the purchase for which he required the TFC, and when the funds were eventually released he had already moved permanently overseas and he may now face additional tax implications that shouldn't have occurred.

What happened

Mr D held a pension plan with a provider which paid him a guaranteed minimum annuity and lump sum at his selected retirement date. However, Mr D's personal circumstances and situation meant that he wanted to consider other options for his retirement provision. He said that he already spent much of his time living in a property overseas and planned to make that move permanent when he fully retired in October 2024. He also needed to buy a new motorhome when he moved as his existing one didn't conform to that country's regulations.

In March 2024 Mr D received a "retirement options pack" from his existing provider which noted a cash equivalent transfer value of £49,202.31 – guaranteed for 30 days. So in April 2024, he met with Quilter to discuss his retirement plan options. Quilter identified that Mr D wanted to draw his TFC – to add to the TFC he had recently taken from his defined benefit occupational scheme – and buy a new motorhome. It noted that he didn't need income at that time and, as his objective couldn't be achieved using the existing plan, it was agreed to transfer to a drawdown arrangement after withdrawing the TFC. Mr D said he was told the process should take six to eight weeks and he hoped to access the funds by May 2024.

Mr D gave authority to go ahead with the transfer on 8 April 2024, although he has said that his expectation was that all his funds would be released to him as one lump sum. But by September 2024 the transfer hadn't completed so Mr D complained. He said he wanted to take the pension fund entirely as a lump sum and had first applied nearly seven months ago. He didn't accept such a delay especially as he was told the process should take six to eight weeks. He said he hadn't been given sufficient reason to explain the delay and – because he had to complete the purchase of his motorhome recently having already paid a deposit – he'd had to borrow the funds he was expecting from his pension plan.

Quilter didn't think it had caused any unnecessary delays because it said it couldn't approve the transfer until it was satisfied it was in Mr D's best interest. It did accept that its adviser could have better managed Mr D's expectations of how long the transfer might take but noted that even if it had been clearer this wouldn't have "speeded up" the process.

The funds were eventually released when the transfer completed in early October 2024, but when Mr D only received the TFC and notification that a new plan had been set up for his

residual funds, he said that his intention had always been to receive the entire fund in one lump sum. He then requested a withdrawal of the outstanding amount, and it was paid to him, after the deduction of tax, on 28 October 2024.

But Mr D had already permanently retired overseas by this time and because he was “fiscally resident” in that country he says he will now be subject to a different tax regime and is likely to suffer further tax penalties and restrictions on his TFC and residual funds.

Mr D brought his complaint to us and one of our investigators looked into the matter. During our investigation Quilter said it would pay Mr D £300 for the distress and inconvenience caused as a result of some delays that occurred. The investigator thought Mr D’s complaint should be upheld making the following points in support of their assessment:

- They hadn’t considered the suitability of the transfer advice, but they had considered the disparity between Quilter’s recommendation to release the TFC and put the rest of the fund into a drawdown arrangement, with Mr D’s assertion that he had wanted his entire funds be paid to him as a lump sum. They thought Quilter’s suitability report and other documentation set out its recommendation clearly and Mr D ought to have seen the recommendation that was made and alerted Quilter if he thought it wasn’t in line with his expectations. So they thought Quilter hadn’t done anything wrong in relation to the advice it gave and ultimately processed.
- They thought the delays Quilter acknowledged between April and June 2024 could have been avoided with better distribution of the advisers workload when he experienced medical issues. They thought this delay had disadvantaged Mr D. They also thought there were delays during June and July 2024 which could have been avoided in the same way. They thought, including a two-week period for the adviser’s workload to be reallocated, the transfer could have completed and the TFC paid by 31 July 2024, with the residual funds paid as a lump sum 20 days later.
- They were satisfied Mr D’s circumstances meant he needed to take the actions he did in respect of securing a new vehicle and moving overseas on a certain date. So they thought Quilter’s more recent pre assessment offer to reverse any additional tax on the TFC was fair and reasonable. But they also thought that Mr D had always intended to draw the remaining funds as a lump sum – so Quilter should also consider any tax implications in respect of the additional lump sum withdrawal.
- They thought Quilter’s offer of £300 for any distress and inconvenience caused was fair and reasonable, but also said it should compare the TFC and lump sum payments Mr D received against what he would have got if the transfer completed on the date they proposed. Any losses should be paid to Mr D with interest added.

Quilter didn’t agree. It said that, as it didn’t give Mr D advice to withdraw the remaining fund as a lump sum – he did so directly on its platform – it wasn’t prepared to meet any further tax liability Mr D might have on those funds.

Mr D did ultimately accept the assessment in order that things might be drawn to a close, but he said that it was always his intention to draw the entire fund as a lump sum. However, as the majority of the advice and discussions took place over the phone it wasn’t possible to provide evidence to support the idea that the adviser was aware of his intentions. He said he was then persuaded by the adviser to accept the recommendation as the remaining funds could be paid to him by “a quick phone call” after the TFC had been paid. He questioned whether the adviser fee should be refunded to him as he thought the advice he’d been given was therefore incorrect.

The investigator wasn’t persuaded to change their view and so Quilter asked for the complaint to be referred to an ombudsman – so it’s been passed to me to review.

Quilter subsequently confirmed it would comply with the investigator's recommendation to look at any loss Mr D may have incurred if he'd received his TFC on 31 July 2024, to reimburse Mr D for any additional tax he may have to pay on his TFC since his permanent move overseas, and to pay the compensation for the distress and inconvenience caused. But it maintained it shouldn't be held responsible for the additional withdrawal Mr D made as:

- The suitability report clearly set out Mr D's objectives and it can't be held responsible for Mr D's change of mind.
- It didn't advise Mr D on the subsequent withdrawal and if it had would have considered and explained any potential tax liability to him.
- It provided a copy of the "drawdown tool" Mr D would have used when requesting the second withdrawal directly. This process contained a number of risk warnings particularly about the taxation of any withdrawals – so Mr D was in a fully informed position about the taxation when he went ahead.
- The withdrawal was processed by another entity of Quilter, but as it is responsible for dealing with complaints against all parts of Quilter that has no bearing on the matter.
- It thought therefore the assumption the investigator made about the second withdrawal was unfounded and it wasn't prepared to agree to any loss in that respect.

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 done so I've reached the same conclusion as the investigator – so I'll explain my reasoning below.

The delay in processing the transfer and releasing the TFC

I've seen a copy of the "authority to proceed" document that Mr D signed on 8 April 2024 to start the transfer process. Mr D said Quilter had suggested the process should take six to eight weeks and he hoped to receive his funds by the end of May 2024. But Mr D didn't receive his TFC until 8 October 2024 – so the transfer had taken six months. So I began by looking at the reasons for why the transfer took so long. Quilter has provided a timeline of events to confirm what happened as Mr D had said that his adviser only ever suggested that the delay was caused by Quilter's compliance department.

I've seen that after Mr D signed the authority to proceed the application wasn't sent to Quilter's compliance team to be checked until 4 June 2024. I appreciate that forms would have needed to be completed and packaged together with a copy of the advice, but I think a period of just under two months to complete that submission was beyond what I would have expected to see. And likewise, when the compliance department asked the adviser for further information on 10 June 2024 this wasn't provided until one month later, and when this was returned it was identified that the original information supplied by the ceding provider was now out of date and more accurate figures needed to be requested. This again took around six weeks to obtain with another month until the application was resubmitted to the compliance team. Thereafter the transfer was completed in a little over two weeks.

I think this evidence supports the idea there were a number of avoidable and quite significant delays. Quilter hasn't been able to provide a compelling reason for the delays apart from explaining that the adviser was experiencing medical problems during this time and was

unable to progress matters as it would have liked. I do have some sympathy for the situation that arose, but I would have expected Quilter to have had an alternative plan for such eventualities to ensure any delays were minimised. So I can only consider it to be Quilter's responsibility that the transfer took so long. This was an unfortunate situation but I think it was for Quilter to overcome the problem and ensure Mr D's application wasn't delayed in the way it was, and I don't think Mr D was given a robust enough update or explanation of the problem – which might have enabled him to consider an alternative solution as well.

That said I need to consider what Quilter ought reasonably to have been able to do instead, and I agree with the investigator here in respect of what they thought ought to have happened. They thought Quilter hadn't given sufficient reasons to justify why the transfer couldn't have completed within the eight weeks it had set as a timescale from the outset, as there didn't appear to be any other issues or delays apart from the ones caused by the adviser's incapacity. So I think the suggestion that the transfer could have completed by the end of that suggested timescale – but with a period of two weeks being allowed for Quilter to reallocate Mr D's transfer request to another adviser – is fair and reasonable. This meant the transfer should have completed and the TFC paid by 31 July 2024.

But I also note Quilter has accepted this and said it would base any loss assessment calculation on that date, so that would support the idea that it wasn't unreasonable to expect Quilter to achieve that timeframe if the application had been progressed and administered without the unfortunate delays that occurred. I'll set out below how this should be incorporated into the way Quilter should put things right.

There are also tax implications arising from this outcome regarding delays in paying the TFC. That's because Mr D became a permanent resident in another country – which has a different tax regime – during this time. I'll consider as a whole what Quilter needs to do about this later in my decision, although Quilter has already said that it will work with Mr D to reimburse him for any additional tax burden he suffers on his TFC. But Quilter doesn't accept responsibility for any additional tax due on the second withdrawal Mr D made a few weeks after he received the TFC. So I'll now look at the issues surrounding Mr D's actions and in particular Quilter's initial recommendation and Mr D's assertion of what he expected to happen.

The original advice and Mr D's subsequent actions

The fact find document that Quilter completed in April 2024 noted that Mr D wanted to draw his TFC to add to his existing savings and buy a new motorhome to enjoy with his wife in retirement. So it recommended a transfer of his pension to a new plan after releasing the TFC. This was because his existing plan didn't facilitate releasing the TFC without using the rest of the fund (to buy an annuity) at the same time.

Mr D however says that it was always his intention to draw his fund entirely as a lump sum for capital requirements upon his retirement in a different country – especially to purchase the new motorhome.

I don't have any evidence to confirm what discussions took place during this meeting, so it's difficult to know why there was such a disparity between both parties understanding of what should happen. But Quilter progressed the transfer and TFC release on the basis of the information it had gathered and understood. Mr D says he was surprised when he only received the TFC on 8 October 2024, but immediately took the necessary steps to get the rest of his funds which were received only 20 days later.

I therefore need to decide whether I think it was always Mr D's intention to take the funds entirely as a lump sum, and this is important because it dictates whether I think Quilter is responsible for the additional tax Mr D may incur on this withdrawal too. I think this is finely balanced matter, but I'm persuaded it was more likely than not Mr D intended to draw the funds a lump sum and I say this for two reasons.

As I said previously Mr D and the adviser discussed his options and objectives within the first "fact find" meeting. This formed the basis of Quilter's advice. But I haven't seen any evidence that Mr D was issued with any written confirmation of what was discussed and agreed at this time, so I can't discount the idea that there wasn't room for some misunderstanding of what was agreed. But when Mr D complained about the delays to the transfer process on 20 September 2024 he was clear in saying *"I want to take this money as a 100% lump sum, and have followed their guidelines and contacted a financial advisor....I gave him my reasons for not taking the annuity option, which was that their guaranteed annuity compared poorly to other company quotations."....I am also moving permanently to xxx."*

I think this set out that Mr D most likely always intended to draw a lump sum and I note that Quilter's suitability report – which I understand was the first written confirmation of what had been agreed – wasn't issued until four days later. Quilter has subsequently confirmed to us that this date is correct, so there's nothing to suggest that Mr D ought to have been aware of Quilter's recommendation from a written source of confirmation before he made his complaint. So I think it's perfectly possible he still thought he would be receiving all of his funds together as he, in my view, originally intended.

Of course it could be argued that when the suitability report was issued Mr D, if he did read the report at such a late stage in proceedings, ought to have realised the difference between the recommendation and his understanding of things and alerted Quilter to any problems. But by this stage most of the delays in processing the application which caused the subsequent problems, had occurred. In any case, in determining the outcome here I'm looking at whether I think it's more likely than not Mr D always intended to draw his funds as a lump sum, and any mitigation which he could have applied at that time – such as querying the suitability report – wouldn't have affected the dates on which the various sums were paid.

But more importantly I'm also persuaded by Mr D's actions when the TFC was paid to him. He expressed his surprise at having a new "plan" set up for his residual funds and almost straight away applied to draw the remaining funds as a lump sum. Indeed those funds were paid to him directly within 20 days of the TFC being paid, and I think this supports the claim that Mr D originally wanted the funds to be paid to him as a lump sum. Mr D didn't seek advice on this matter and applied to withdraw the remaining funds as soon he became aware that they weren't part of the release of the TFC - so I think this shows that was always likely to have been his intention albeit this wasn't Quilter's original recommendation.

I know Quilter has argued that because Mr D didn't seek advice about the further withdrawal it wasn't its responsibility and had it provided any advice it would have explained the potential tax implications. It said those implications were also set out as part of the risk warnings Mr D would have seen when he applied directly for the withdrawal. Quilter also said it wasn't responsible for any change in Mr D's circumstances after its original recommendation to transfer and release the TFC.

I've thought very carefully about these arguments and, as I've already said I think this matter is a finely balanced one. But in order to uphold this part of the complaint and therefore to conclude that any tax implications from the second withdrawal should be Quilter's responsibility, I need to be satisfied that Mr D's expectation was that he would receive all the

proceeds from his pension as a lump sum. In this case I've given more weight to the decisive actions Mr D took as an indication that it was more likely than not he did wish to access his funds and I also think he made this clear in his complaint letter before the transfer had concluded.

So it follows that if I think Mr D wanted to access all of his funds as a lump sum then, without any of the delays I've set out above, this would have been completed before his permanent move abroad – regardless of whether they were released at the same time as the TFC, or more likely when Mr D realised they hadn't been paid and needed to withdraw them separately. Using the timeline I've set out above this means the second withdrawal would have taken place 20 days after the first (20 August 2024), and would have been paid with the deduction of any UK tax according to Mr D's tax position at the time.

Putting things right

In order to put things right Quilter should put Mr D back as close to the position he would now be in had the transfer completed without the delays that occurred.

Losses arising from the delay in payments

So first of all Quilter should determine whether Mr D would have received a higher TFC amount had he received it on 31 July 2024 instead of 8 October 2024. If Mr D has suffered a loss then that loss should be paid to him with the addition of 8% simple interest pa from the date he would have received the payment to the date that it is paid.

It should also determine whether Mr D would have received a higher additional lump sum had he received it on 20 August 2024 instead of 28 October 2024. Likewise If Mr D has suffered a loss 8% simple interest pa should be added from the date he would have received the payment to the date that it is paid.

But additionally, even if Mr D didn't suffer a loss using the above comparisons, he was deprived of the those payments not being made on the earlier dates. So interest at 8% simple pa should be added from 31 July to 8 October 2024 to the actual TFC payment and 20 August to 28 October 2024 for the additional withdrawal payment. But these interest payments can be offset against any gains that Mr D may have made from the payments being delayed instead of being paid earlier – if there is a gain in Mr D's favour.

The tax position

As soon as Mr D is aware of any additional tax implications arising from the payments being made after he moved permanently overseas, he should provide this supporting evidence to Quilter who should then cover those additional tax costs directly to him. Those tax costs need to be fully evidenced by Mr D and only apply to additional taxation attributed solely to the overseas jurisdiction.

Compensation

Quilter has offered Mr D £300 for any distress and inconvenience caused by its delays. I've thought carefully about this offer as clearly this matter has impacted Mr D to some degree. At a time when he was moving to another country, he would have been concerned about the delay in receiving his funds - which continued for a significant length of time. He's also told us this delay meant he had to borrow some funds from his family to cover the purchase of

the motorhome. So I think Mr D has been impacted, but in the overall circumstances of the complaint, I think Quilter's offer for the distress and inconvenienced caused by the delays is within the range of what I would have expected to see for such a matter.

So Quilter should pay Mr D £300 compensation.

My final decision

For the reasons that I've given I uphold Mr D's complaint against Quilter Financial Planning Solutions Limited.

Quilter Financial Planning Solutions Limited should pay redress and put things right as I've set out above, and provide clear, simple calculations to support the outcome.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 September 2025.

Keith Lawrence
Ombudsman