DRN-5807264

The complaint

Miss N complains that Interactive Investor Services Limited ('II') unnecessarily delayed the transfer of her self-invested personal pension ('SIPP') to another provider.

What happened

Miss N was looking to transfer all the monies in her II SIPP to another SIPP provider. She was going to buy a fixed term annuity with some of the funds and invest the remainder in a smoothed managed fund. Mrs N had received advice from an independent and regulated financial adviser.

II received the transfer request on 30 January 2025. On 3 February, II emailed Miss N to inform her that they had received the transfer request and included warnings about pension scams. Miss N called II the same day to ask how long the transfer would take. She needed the funds to reach her new provider within a month to secure the fixed term annuity rate quoted by her adviser. II told her in that call that she needed an appointment with MoneyHelper before the transfer could take place. Miss N contacted MoneyHelper and booked the first available appointment which was on 13 March.

II contacted Miss N on 10 February to explain in more detail why a MoneyHelper appointment was needed. The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 ('OPPS Regulations') require pension schemes to carry out due diligence on pension transfers to reduce consumer detriment and prevent scams. If certain red or amber flags are identified action needs to be taken. In case of a red flag the transfer is refused. In case of an amber flag a customer needs to attend a Pension Safeguarding appointment with MoneyHelper. When completing their due diligence II established that the receiving SIPP allowed high risk investments which is an amber flag in the transfer regulations. Miss N eventually was given an earlier appointment by MoneyHelper on 4 March. The funds were transferred on 18 March.

Miss N complains that it took II over six weeks to transfer her funds which caused her annuity to be paid out late. During the transfer period her transfer value also decreased by around £8,000. She is particularly unhappy that II insisted on a MoneyHelper appointment when she had already received regulated advice from an independent financial adviser.

II rejected her complaint. They explained they were required to comply with regulatory requirements and regulations and the MoneyHelper appointment was a requirement in the transfer regulations once an amber flag had been identified.

One of our investigators agreed that II had done nothing wrong. In summary she said:

- The OPPS Regulations required II to do due diligence on Miss N's transfer which included a check if any amber or red flags were present.
- If an amber flag is present, a customer must be referred to a Pension Safeguarding appointment with MoneyHelper before the transfer can proceed.

- One of the amber flags set out in the OPPS Regulations is “high risk or unregulated investments are included in the scheme”.

- The receiving scheme’s key features showed that they had extended funds options which allowed engagement with a discretionary fund manager and allowed direct investment into commercial property.

- The Pensions Regulator had issued guidance alongside the OPPS Regulations which noted that pension providers should also refer to industry practice set out in the Pensions Scams Industry Group (PSIG) of Good Practice. II had considered PSIG which had noted there was an increase in the use of discretionary portfolios for pension scams. The FCA had also highlighted that direct investment in unregulated physical assets, like commercial property, had been used for scams.

- It was reasonable in these circumstances for II to consider the amber flag for high risk investments was present here and require Miss N to attend an appointment with MoneyHelper.

- Miss N had referred to the provisions in COBS 19.7 which allowed customers to opt out of receiving guidance for example because they already had received advice. However, these COBS rules relate to a “nudge” to guidance which pension providers need to give to all customers when they are accessing pension benefits and is designed to give customers guidance about this. This is separate to the OPPS Regulations.

- The MoneyHelper appointment was meant to ensure that Miss N considered potential risks of transferring her pension and highlight the risks of a pension scam. Having a financial adviser didn’t bypass the requirement for an appointment which ultimately was aimed to protect her from scams.

- Once it was confirmed Miss N had attended the MoneyHelper appointment, the transfer was processed promptly and the transfer proceeded in a timely manner.

Miss N disagreed and asked for an ombudsman’s decision. She strongly feels it was a waste of time to be referred to MoneyHelper who weren’t able to give her advice. She had already received regulated advice which she had to pay for and was transferring to a reputable authorised pension provider.

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 agree with the investigator, and for the same reasons, that II didn’t do anything wrong here.

II followed government regulations which required them to carry out due diligence on Miss N’s transfer. Based on the information gathered during this due diligence they reasonably found that an amber flag applied here. This meant a statutory transfer was not allowed to proceed without a Pension Safeguarding appointment with Moneyhelper.

The COBS rules Miss N refers to relate to guidance appointments for customers who are accessing benefits and which covers guidance on things like income options, tax implications, investment risk or how accessing pension benefits could affect means-tested benefits. It’s correct that whilst pension providers are required to nudge all customers to take this guidance, customers can opt out of this.

The appointment Miss N was required to have here was different to this. It was a Pension Safeguarding appointment which raises awareness about scams and what to look out for. The OPPS Regulations do not exempt customers who have received regulated advice from the requirement of a MoneyHelper appointment.

I understand that Miss N considers this wasn't necessary and even a waste of time given she was receiving regulated advice and was transferring to a regulated and reputable pension provider. And I agree that these were factors which would provide some comfort that there was maybe less of a scam risk than if these factors weren't present. However, the OPPS Regulations were brought in to even further strengthen customer protection and to prevent more consumers from falling victim to scams and losing significant parts or all of their pension funds. Higher risk investments, like unregulated commercial property, have historically been used for scams and her receiving SIPP did allow such investments. So she was transferring to an environment where she could more easily end up in riskier investments (even if this might not have been the original intention).

The MoneyHelper safeguarding appointments weren't designed to replace financial advice which would recommend a suitable retirement solution. It's an additional and specific instrument to make customers aware about the scam risks they might face in a pension transfer where risk factors are already present.

II simply followed what the regulations required of them and they haven't treated Miss N unfairly by insisting on the MoneyHelper appointment. It's unfortunate there wasn't an earlier appointment available, however this wasn't II's fault.

I also looked at the rest of the transfer processing times. Miss N knew two days after her transfer request was received by II that she needed a MoneyHelper appointment which she booked straight away. The MoneyHelper appointment was confirmed as attended after business hours on 4 March. Before this II wasn't reasonably able to start the selling down of investments as it wasn't certain if and when the transfer would proceed. They said on 5 March II they completed final due diligence checks and two working days later sale orders were given to liquidate Miss N's investments. II advised the final sales proceeds were received to Miss N's SIPP account five working days later on 14 March and administrators were informed the same day that these were available. The funds were sent to Miss N's new SIPP two working days later. I consider these timelines are reasonable and I can't see that II caused any avoidable delays.

I understand that Miss N is unhappy she has suffered financial losses during the transfer period. However, for the reasons explained above I don't consider II did anything wrong here and so it wouldn't be fair or reasonable to hold them responsible for these losses.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 31 October 2025.

Nina Walter
Ombudsman