DRN-6021764

The complaint

Mrs B has complained about the delays she says IFG Pensions Limited ('IFGL') caused when trying to set up a new investment within her IFGL self-invested personal pension ('SIPP').

Mrs B has said that the delays caused by IFGL caused both financial loss and distress.

Throughout the process below there was contact between Mrs B, her IFA, and IFGL. For ease of reading I have only referred to Mrs B and IFGL in this decision.

What happened

Mrs B holds an IFGL SIPP and tried to invest in a fixed rate bond which would be held within a Canaccord account within her SIPP. This process was ultimately unsuccessful as the bond applied for was an unbreakable one-year fixed rate bond and as such was classed as a non-standard investment, something which IFGL do not allow within their SIPPs.

The chain of events which transpired in this case is well known to all parties and has already been laid out in detail in our investigator's findings. As such I have only included a summary of those dates and events which I consider to be key in this case.

On 4 April 2024 IFGL were asked what interest rates applied to the cash accounts held by Mrs B within her SIPP.

After being chased for this information IFGL confirmed what rates applied on 17 April 2024.

On 26 April 2024 IFGL were informed of Mrs B's intention to invest within a Canaccord account.

On 10 May 2025 Mrs B wrote to IFGL (via her IFA) to request the amount of £250,000 be removed from her SIPP cash and investment accounts so that it could be available for deposit with Canaccord. The letter stated that the £250,000 was to be placed into a fixed-term deposit which was considered to be in line with her cautious attitude to risk.

IFGL received a Canaccord application form from Mrs B on 13 May 2024. On 28 May 2024 this was returned to Mrs B as a signature was missing, with the appropriately signed forms returned to IFGL the following day.

On 5 June 2024 IFGL began the process of completing a due diligence review on Canaccord.

Having suffered delays and with the funds still not placed into the desired fixed rate bond, Mrs B raised a complaint with IFGL.

IFGL issued its first complaint response on 11 September 2024. This covered the delays Mrs B had suffered since her application form had been submitted on 13 May 2024. Within this response IFGL explained that the application form initially submitted had not been fully

completed. Once this had been finalised, IFGL began working on progressing the application however this had been delayed as full due diligence needed to be completed on Canaccord before any investments with them could be accepted into the SIPP. IFGL explained that they were not in control over how long this due diligence process would take given they were reliant on receiving information from Canaccord.

IFGL did accept that they had caused "slight" delays to the process and offered Mrs B £50 to cover the distress and inconvenience caused.

Mrs B responded stated that the offer made did not adequately cover her losses during the delay period. Mrs B additionally noted that IFGL's investigation had not gone back far enough, with there being additional delays before the Canaccord application form had even been submitted.

On 4 October 2024 Mrs B and her IFA were informed that the Canaccord investment would not be allowed within the SIPP. The 12-month fixed rate bond applied for was unbreakable during the 12-month term. As the product was not realisable within 30 days it was considered a non-standard asset and as such was not allowed within the IFGL SIPP.

IFGL issued their second complaint response on 8 November 2024.

Within this response IFGL considered a longer timeframe going back before May 2024 and accepted that there had been delays in replying to emails earlier in the process. As such an additional £100 was offered to cover the distress and inconvenience caused.

On 13 November 2024 the £250,000 was sent to an alternative investment with Morningstar.

Mrs B did not accept IFGL's complaint responses and referred the complaint to this service.

Our investigator looked into things and concluded that IFGL had not acted fairly. The investigator looked into the timeline above and concluded that were it not for the delays caused by IFGL the Morningstar investment would have been made earlier. The investigator made redress recommendations to reflect this and increased the distress and inconvenience payment to £300 (in total).

Mrs B accepted the outcome reached however IFGL did not. They stated they were regulatorily required to complete necessary due diligence on Canaccord before allowing their investments within the SIPP, they were not in a position to know the nature of the underlying investment Mrs B was applying for until the full product terms and conditions were received, that its own terms and conditions were clear that non-standard investments were not allowed within its SIPP, and that they did not believe any actual investment losses had occurred given the nature of the subsequent Morningstar investments made.

IFGL's subsequent arguments did not persuade our investigator to change their outcome and as no agreement could be reached the case was passed to me for a decision.

I initially issued a provisional decision which said:

"In reaching this decision I've also taken into account relevant law and regulations, Regulator's rules, guidance and standards, codes of practice, and what I consider to have been good industry practice at the time. This includes the Principles for Businesses ('PRIN') and the Conduct of Business Sourcebook ('COBS').

I would firstly like to note that as part of her submissions to this service Mrs B has stated that one of the outcomes she would like to see from this decision is improved customer service

and faster responses from IFGL moving forward. To clarify, this service does not have the ability to demand a business change the way it operates or manages it customers. That is the role of the financial services regulator – The Financial Conduct Authority.

This service is an informal complaint resolution service, and this decision will look to clarify if IFGL acted fairly during the timeframe outlined above and, if not, what IFGL must do to correct any past mistakes.

Whilst there has been some discussion between all parties whilst this case has been under investigation, it is clear now that the fixed rate bond ultimately applied for by Mrs B through Canaccord would be considered a non-standard investment and as such not allowable in an IFGL SIPP. IFGL's decision to reject the bond in October 2024 has therefore not been considered further.

As part of their complaint responses, IFGL have already accepted that they caused delays to the process above. Unfortunately, their responses do not clarify the extent to which they believe they delayed the process. As such, this decision will initially focus on establishing the extent of any delays which are attributable to IFGL and then go on to consider what action (if any) IFGL needs to take to rectify the impact of those delays.

Starting at the beginning of the timeline above, I believe that IFGL taking from 4 April 2024 to 17 April 2024 to provide relatively straightforward interest rate information was too long. I see no reason why this information could not be provided within two working days. This, therefore, represents an avoidable delay of seven working days.

From this point I can see that Mrs B told IFGL she was intending to place her funds into a fixed-term deposit account. An application form was submitted on 13 May 2024 and whilst this had not been completed correctly, it took IFGL until 28 May 2024 to assess this and return the form to Mrs B's IFA for further signatures.

Whilst it was Mrs B's responsibility to ensure the application form was completed correctly, I believe the time taken for IFGL to assess the paperwork submitted and request further signatures was too long. I have concluded that IFGL should have realised that the application form was incomplete and returned it to the IFA within two working days. If this had been done, I believe the re-work would have been completed the same day which would then have allowed IFGL to forward this on to Canaccord much sooner. Factoring in May bank holidays I have concluded there was an avoidable delay of seven working days here.

Whilst a fully completed application form was not provided to IFGL until 28 May 2024 I have considered carefully whether the information Mrs B provided to IFGL during April and May 2024 should have led them to informing Mrs B (and her adviser) that it was likely the intended product would not be permissible within the IFGL SIPP before the application form was submitted / the due diligence process completed.

In considering what additional information, if any, IFGL should have provided during this timeframe I have first considered the terms and conditions which applied to Mrs B's SIPP as this is information IFGL would reasonably have expected Mrs B (and her adviser) to be fully aware of. These terms and conditions were included in the SIPP application form signed by Mrs B in November 2021 and stated:

> *"Investments must be capable of being described as standard assets per the Financial Conduct Authoritys definition:"*

And

> *"**Standard Investments***

The Sovereign International SIPP allows a Member to invest in standard investments. The FCA standard asset list was last updated in December 2015 and Sovereign will accept the following investments into the Sovereign International SIPP:

- *Cash*
- *Cash funds*
- *Deposits . . .”*

And

“Sovereign expects that most investments will be held in a bond, on a platform, in a managed portfolio service, or via a discretionary fund manager. The key is that an investment (including investments within a wrapper product) must be capable of being sold within 30 days, and be on the FCA standard asset list.

The FCA describes Standard Investments as:

Standard assets must be capable of being accurately and fairly valued on an ongoing basis, readily realised whenever required (up to a maximum of 30 days), and for an amount that can be reconciled with the previous valuation.”

Additionally, the terms and conditions went on to provide a definition of non-standard investments and some examples of those investments which would be considered non-standard:

“Sovereign will not accept non-standard investments into the Sovereign International SIPP.

The FCA in a policy statement P51 4/12 in 2014 stated the following:

‘Non-standard investments are typically higher risk or speculative propositions, and the entire amount invested is at risk. These investments tend to be illiquid and difficult to value, and there may be little or no recourse to the Financial Ombudsman Service and Financial Services Compensation Scheme, for example if the arrangement is mismanaged. Some may be outright scams. Most non-standard investments, such as UCIS, unlisted shares and speculative overseas property schemes, are unlikely to be suitable for those retail investors of ordinary sophistication and means who make up the vast majority of the retail market in the UK. However, more sophisticated investors may consider them to be appropriate investment opportunities.’

Sovereign also, whether they are captured by the non-standard definition or not, excludes from the Sovereign International SIPP investments in:

- *Commercial property*
- *Residential property*
- *Land*
- *Art*
- *Antiques*
- *Wine*
- *Cars*

- *Unregulated collectives*
- *Expert, professional and sophisticated investment funds*
- *Crypto assets*
- *Other investments that one may call into question forming part of a retail investors portfolio."*

I have considered carefully the fact that cash and deposits are specifically named within the "standard" investments section of the terms and conditions. And that whilst there are a number of specific examples of non-standard investments, fixed-term deposits which are unbreakable within 30 days are not specifically mentioned in this section.

However, I do not believe this means the terms and conditions are unclear or misleading. I think it would be unreasonable to expect any set of product terms and conditions for a policy such as this to include an exhaustive list of all those products which would / would not be permissible.

In addition, whilst cash and deposits were included in the "standard" section of the document, I think this accurately reflects that a majority of cash-based accounts / investments would be considered "standard". However, the document is clear non-standard investments are not permissible and clearly states that "The key is that an investment (including investments within a wrapper product) must be capable of being sold within 30 days and be on the FCA standard asset list." This statement would clearly preclude an investment into a one-year product that could not be accessed and was "unbreakable" for its entire term.

Overall, I believe the terms and conditions applicable to Mrs B's IFGL SIPP are sufficiently clear and would / or should have made her (and her IFA) aware that the bond she wanted to invest in was not permissible within the SIPP.

Whilst I have concluded the terms and conditions are clear, I have considered whether the emails and rate sheet provided to IFGL before the Canaccord application was finalised on 28 May 2024 should have prompted IFGL to tell Mrs B that the bond would not be allowed.

Whilst IFGL had been informed via email that there was an intention to invest in a fixed-rate bond, and been provided a rate sheet containing some of the Canaccord product details, on balance, I do not think it is reasonable to expect IFGL to conduct a full review and reach a definitive conclusion on the acceptability of any future potential investment based on these provisions.

Whilst IFGL had received emails stated that there was in intention to invest in a fixed-term deposit account, many such accounts (if not "unbreakable") would have been acceptable within the SIPP. It is also the case that whilst there was an "intention" to invest in such a product, this may have changed over time and as such I think it would be reasonable for IFGL to wait for a full application form, and a terms and conditions document, for the actual product applied for before reaching any conclusions about that products acceptability.

With regard to the Canaccord application form and rate sheet provided I would note there that whilst the rate sheet provided did note that the fixed-term deposits were "unbreakable" there were numerous products listed at least one of which was short enough to be allowable.

Additionally, the Canaccord application form was for their general holding account and did not actually contain any information as to what product would ultimately be invested in. It therefore contained no information that would allow IFGL to assess whether any further investment would be allowable or not.

Overall, I have concluded that the information IFGL was in possession of during this timeframe was not sufficient or definitive enough for me to expect them to assess the acceptability of a fixed-term bond within the Canaccord account at that time. I do not think it was unreasonable of them to forward the application form on to Canaccord at that time and await further documentation about the product actually applied for before any such decision was made.

Following the point that that application form was finalised and forwarded on to Canaccord on 29 May 2024, it transpired that IFGL would need to conduct full due diligence on Canaccord before any investment could be accepted. Whilst IFGL did have an existing relationship with Canaccord UK, Mrs B was looking to open an account with the Canaccord in Jersey. Having established that due diligence was required, IFGL had no choice but to complete this process. Due diligence is required for the protection of policyholders with the time taken to complete this process largely outside of IFGL's control.

Once this due diligence process was completed, the £250,000 was placed into the Canaccord account. From this point it became clear that the one year fixed rate bond Mrs B wanted was not allowable within her IFGL SIPP, with Mrs B being informed of this on 4 October 2024.

Between 4 October and 13 November 2024 Mrs B considered alternative investments with the funds ultimately being placed with Morningstar. IFGL have no role in the provision of any investment advice to Mrs B and as such the time taken in finding an alternative investment would not be impacted by them in any way.

Overall, having considered the timeline of events in its entirety, I have concluded that the avoidable delays attributable to IFGL were limited to the delays in initially proving interest rate information, and delays in recognising and returning the original Canaccord application form. These total 14 working days and are reflected in the redress instructions below.

It is important to state here that the assessment of the timeline above, and the assessment of the avoidable delays attributable to IFGL, can never be exact and it is impossible for me to know for sure what would have occurred in any hypothetical timeline where the delays are removed. As such this alternative timeline represents what I consider to be most likely based on the information available.

I also appreciate that the outcome I have reached may not be the one that either IFGL or Mrs B wanted, however, I believe it represents a fair and reasonable outcome in this case.

As part of their response to this service, IFGL stated that whilst there had been delays during the application process, the subsequent investments made by Mrs B with Morningstar meant that there was unlikely to be any investment losses resulting from those delays. The redress instructions I have given below make no assumptions regarding this and require IFGL to calculate and compensate Mrs B based on the delay period I have identified above."

In addition to the above, I asked all parties to provide any additional evidence or commentary they wanted me to take into account before I issued a final 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.

In response to the provisional decision issued, IFGL simply stated they were willing to accept

the outcome and calculate and pay redress in line with the methodology outlined.

Mrs B provided further commentary explaining that she remained of the opinion that IFGL were the cause of delays longer than those I have identified within my provisional decision.

Mrs B highlighted the time it took for IFGL to realise that the product being applied for was to be held with Canaccord Jersey rather than Canaccord UK.

The fact that a full due diligence review needed to be undertaken by IFGL on Canaccord Jersey before IFGL accepted them within the SIPP is entirely reasonable. And whilst there was a delay between and initial application form being submitted and the due diligence process commencing, I believe this was primarily down to the incorrect completion of the application form, and IFGL being slower than I would have expected in returning this to Mrs B for correction. This time period has been fully considered in the rationale above.

Mrs B has noted that if IFGL has replied to each email and phone call more quickly the delays suffered would have been reduced. Whilst I accept that in some instances it may have been possible for IFGL to act more quickly, what I must consider is whether their response times were reasonable. IFGL have many customers with varying needs, and as such it is reasonable for them to prioritise work to ensure that each customer receives the required service in a reasonable timeframe. It is this standard I must consider, not whether IFGL could potentially have acted more quickly in dealing with Mrs B, potentially to the unreasonable detriment of other customers.

Within her response Mrs B has also explained that since the submission of her complaint the service she has received from IFGL has not improved as she had hoped.

Whilst I would hope any business would look to learn and improve from any complaint it receives, whether referred to this service or not, the fact that Mrs B believes the service she is receiving from IFGL remains poor is not a justifiable reason for me to uphold this complaint (or find IFGL responsible for a greater proportion of the delays suffered).

Overall, I remain of the opinion that the delays I have identified above remain fair and reasonable given the chain of events which transpired and the various responsibilities of the parties involved.

As such my outcome, and the redress instructions below, remain unchanged from those outlined in my provisional decision.

Putting things right

Fair compensation

My aim is that Mrs B should be put as closely as possible into the position she would probably now be in if she had been given suitable advice.

I think Mrs B would have invested differently. It's not possible to say *precisely* what she would have done, but I'm satisfied that what I've set out below is fair and reasonable given Mrs B's circumstances and objectives when she invested.

What must IFGL do?

To compensate Mrs B fairly, IFGL must:

- Compare the performance of Mrs B's investment with that of the benchmark shown

below. If the *actual value* is greater than the *fair value*, no compensation is payable.

If the *fair value* is greater than the *actual value* there is a loss and compensation is payable.

- IFGL should also add any interest set out below to the compensation payable.

- If there is a loss, IFGL should pay into Mrs B'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 IFGL is unable to pay the compensation into Mrs B's pension plan, it should pay that amount direct to her. But had it been possible to pay into the plan, 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 Mrs B won't be able to reclaim any of the reduction after compensation is paid.

- The *notional* allowance should be calculated using Mrs B's actual or expected marginal rate of tax at her selected retirement age.

- It's reasonable to assume that Mrs B is likely to be a nil rate taxpayer for the purposes of this redress calculation. This is in part based on her current residency in Portugal.

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

- Pay Mrs B £300 for the distress and inconvenience this issue has caused Mrs B. This is in line with investigators findings.

Income tax may be payable on any interest paid. If IFGL deducts income tax from the interest, it should tell Mrs B how much has been taken off. IFGL should give Mrs B a tax deduction certificate in respect of interest if Mrs B asks for one, so she can reclaim the tax on interest from HM Revenue & Customs if appropriate.

Investment name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
£250,000 Morningstar investment	No longer in force	Notional value had the funds transferred to Morningstar earlier, as per the timeline outlined above	14 working days earlier than the actual investments were made	Date the investments ceased to be held	8% simple per year from final decision to settlement (if not settled within 28 days of the business receiving the complainant's acceptance)

Actual value

This means the actual amount payable from the investment at the end date.

Fair value

This is the value of Mrs B's investment had it remained with Morningstar until the end date.

You should request that Morningstar calculate this value.

Any additional sum paid into the £250,000 investment (during that time) should be added to the notional value calculation from the point in time when it was actually paid in.

Any withdrawal from the £250,000 investment (during that time) should be deducted from the notional value calculation at the point it was actually paid so it ceases to accrue any return in the calculation from that point on. If there is a large number of regular payments, to keep calculations simpler, I'll accept if you total all those payments and deduct that figure at the end to determine the notional value instead of deducting periodically.

If Morningstar are unable to calculate a notional value, you will need to determine a fair value for Mrs B's investment instead, using this benchmark: Average rate from fixed rate bonds. The adjustments above also apply to the calculation of a fair value using the benchmark, which is then used instead of the notional value in the calculation of compensation.

Why is this remedy suitable?

I've chosen this method of compensation because:

- Mrs B wanted Capital growth without risking her capital.
- If Morningstar are unable to calculate a notional value, then I consider the benchmark below as the most appropriate alternative.
- The average rate for the fixed rate bonds would be a fair measure for someone who wanted to achieve a reasonable return without risk to her capital.
- It does not mean that Mrs B would have invested her money in a fixed rate bond. Rather, I consider this a reasonable compromise that broadly reflects the sort of return Mrs B could have obtained from investments suited to her objective and risk attitude.

My final decision

In line with the commentary above I am upholding this complaint IFG Pensions Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 14 January 2026.

John Rogowski

Ombudsman