

The complaint

Mr Q complains that Quai Investment Services Limited (Quai) caused an avoidable delay to the transfer of his pension to a provider I'll refer to as provider N. He believes this led to a financial loss.

Quai upheld the complaint. But didn't address the financial loss Mr Q felt it'd caused.

What happened

Mr Q had a pension with a business which is now owned by Quai, so I'll only refer to Quai in my decision. He wanted to transfer that pension to provider N.

Quai received the original transfer instruction on 24 May 2024. It sent the pension funds to provider N through the Origo transfer service on 19 September 2024. However, while it sent £194,907.06, it had said it would send £195,042.66 through Origo.

Provider N received the funds on 24 September 2024. But it sent a note on Origo on 30 September 2024 to ask Quai to confirm the correct amount. It added further notes on Origo, chasing for a response, on 2, 7, 10 and 14 October 2024.

Provider N said it could only invest the funds once Quai had confirmed it'd sent the correct funds. Quai only did this on 15 October 2024.

Mr Q was unhappy with the time Quai had taken to action his transfer out request. So he raised a complaint.

Quai issued its final response to the complaint. It said that provider N had queried – through a note on Origo - a discrepancy between the amount it'd received and the amount Quai had input on Origo. Provider N said it couldn't allocate the transferred funds until Quai had confirmed that the amount it'd sent was correct.

Quai said it didn't receive notifications for Origo notes. So it didn't resolve the query until 15 October 2024. Provider N allocated the funds the same day.

Quai acknowledged that it'd input the incorrect transfer amount into Origo and that this had delayed the allocation of the transferred funds. It apologised for this. And offered to refund the £180 fee that it'd deducted from the proceeds before the transfer. It said it would pay those fees to provider N in the next five working days. It also offered Mr Q £300 for the distress and inconvenience the length of time it'd taken to complete the transfer had caused. It said it would pay this into Mr Q's bank account.

Mr Q didn't think Quai had fully addressed the complaint. He said that his funds hadn't been invested between 24 September 2024 and 15 October 2024. He wanted it to compensate him for the loss of growth within his pension.

Quai didn't make Mr Q any further offers. So he brought his complaint to this service.

Our investigator didn't think that Quai had fully addressed the impact of its acknowledged

error on Mr Q. He explained that this service aims to put a consumer into the position they would've been in but for the business's error. And that as Quai had caused a delay to Mr Q's money being invested, it needed to carry out a loss calculation to see whether the delay had caused a financial loss.

Our investigator said that the Origo system notes showed that provider N received the funds on 24 September 2024. But that it only invested the funds once Quai had responded to the queries it'd raised on 15 October 2024. He therefore felt that but for Quai's error, provider N would've invested Mr Q's funds on 24 September 2024, when it received them. He said Quai should carry out a comparison of the value of Mr Q's provider N pension with what it would've been worth if it'd been invested on 24 September 2024. And that it should pay him compensation if he'd suffered a loss.

Quai said it was waiting for the loss calculations before it could decide whether to accept our investigator's view. He explained that this service didn't need to know the level of loss before making a decision. And that we simply needed to know whether Quai agreed with the reasoning and methodology he'd set out.

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've reached the same conclusion as our investigator, for essentially the same reasons. I don't have a lot to add to what our investigator said, but I'll explain my reasoning below.

Where a business has made an error, as Quai has done here, we expect it to restore the consumer's position, as far as it's able to do so.

I agree with our investigator that Quai has yet to consider the potential financial loss caused by the error it made with the amount it inputted into the Origo transfer system. I also agree that the potential financial loss relates to the fact that Mr Q's transferred assets couldn't be invested once provider N had received them on 24 September 2024. Instead, provider N had to wait for Quai's confirmation on 15 October 2024 before it could invest the transferred funds. As such, Mr Q's funds were left uninvested for the period from 24 September 2024 to 15 October 2024.

I'm pleased to see that Quai has acknowledged that it made an error. And that it offered to refund the £180 it'd deducted before the transfer. I think this was a reasonable thing to do under the circumstances. I'm also pleased to see that Quai offered Mr Q £300 for the distress and inconvenience caused by the transfer delays. This is in line with the amount I would've required it to pay Mr Q if it hadn't already made this offer.

But until Quai ensures that Mr Q has not lost out financially due to the avoidable delays it caused, it hasn't restored Mr Q's position in the way that this serviced expects. I therefore uphold the complaint.

Putting things right

Fair compensation

My aim is that Mr Q should be put as closely as possible into the position he would probably

now be in, but for Quai's error. But for that error, I think Mr Q's provider N pension would've been invested on 24 September 2024.

I can't be certain that a value will be obtainable for what the provider N pension would be worth if it'd been invested on this date. If this is the case, I'm satisfied that what I've set out below is fair and reasonable given Mr Q's circumstances and objectives when he invested.

What must Quai do?

To compensate Mr Q fairly Quai must:

- Compare the actual value of Mr Q's pension with provider N at the date of my final decision with the notional value of that pension at the date of my final decision if it'd been invested into the same funds it was invested into - and in the same proportions - but on 24 September 2024.

If the notional value is greater than the actual value, there is a loss and compensation is payable.

- Quai should also add any interest set out below to the compensation payable.
- Quai should pay into Mr Q's pension plan to increase its value by the total 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 Quai is unable to pay the total amount into Mr Q's pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the total amount 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 Mr Q won't be able to reclaim any of the reduction after compensation is paid.
- The *notional* allowance should be calculated using Mr Q's actual or expected marginal rate of tax at his selected retirement age.
- For example, if Mr Q is likely to be a basic rate taxpayer at the selected retirement age, the reduction would equal the current basic rate of tax. However, if Mr Q would have been able to take a tax free lump sum, the reduction should be applied to 75% of the compensation.
- In addition, if it hasn't already been paid, Quai must pay Mr Q £300 for the distress and inconvenience caused.

Portfolio name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
Provider N pension	Still exists and liquid	Notional value from provider N	24 September 2024	Date of my final decision	Not applicable

Actual value

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

Notional value

This is what the provider N pension would be worth at the date of my final decision if it'd been invested in the same funds as it was - and in the same proportions - but on 24 September 2024. Quai should ask provider N to calculate this value.

Any additional sum paid into the provider N pension should be added to the notional value calculation from the point in time when it was actually paid in.

Any withdrawal from the provider N pension 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 Quai totals all those payments and deducts that figure at the end to determine the fair value instead of deducting periodically.

If provider N is unable to calculate a notional value, Quai will need to determine a fair value for Mr Q's investment instead, using this benchmark: FTSE UK Private Investors Income Total Return Index. 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 decided on this method of compensation because:

- Mr Q wanted Capital growth and was willing to accept some investment risk.
- If provider N is unable to calculate a notional value, then I consider the measure below is appropriate.
- The FTSE UK Private Investors Income **Total Return** index (prior to 1 March 2017, the FTSE WMA Stock Market Income total return index) is made up of a range of indices with different asset classes, mainly UK equities and government bonds. It would be a fair measure for someone who was prepared to take some risk to get a higher return.
- Although it is called income index, the mix and diversification provided within the index is close enough to allow me to use it as a reasonable measure of comparison given Mr Q's circumstances and risk attitude.

If payment of compensation is not made by a deadline of 28 days from Quai receiving Mr Q's acceptance of my final decision, interest must be added to the compensation at the rate of 8% per year simple from that deadline date to the date of payment.

Income tax may be payable on any interest paid. If Quai deducts income tax from the interest, it should tell Mr Q how much has been taken off. Quai should give Mr Q a tax deduction certificate in respect of interest if he asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

My final decision

I uphold the complaint. My decision is that Quai Investment Services Limited should pay the amount calculated as set out above.

Quai Investment Services Limited should provide details of its calculation to Mr Q in a clear, simple format.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 18 February 2026.

Jo Occleshaw
Ombudsman