

The complaint

Mr E is unhappy with the delays caused by his pension provider, Pathlines Pensions UK Limited when he transferred his Self-Invested Personal Pension (SIPP) to a combination of a Legal & General (L&G) annuity and Fidelity SIPP.

What happened

Mr E had an existing SIPP with London & Colonial which was administered by a third party, Options UK. Since the events of this complaint London & Colonial has changed its name to Pathlines in October 2024. Although Mr E and his adviser corresponded with Options UK at the time of the events, it was administering the SIPP on behalf of London & Colonial. Confusingly for Mr E and his adviser, Options UK has also responded to the complaint, but on behalf of London & Colonial in its new guise as Pathlines. As Pathlines bears ultimate responsibility for the complaint matters as the SIPP provider, I will therefore refer to all actions of the provider/administrator as being by Pathlines, for simplicity.

Annuity purchase

Mr E's SIPP contained a Rathbones investment portfolio. It had been crystallised in capped income drawdown which was providing him with £27,000 income per year. In early 2023, at age 84, he took advice to convert a portion of the SIPP into an annuity which would provide the same level of income. The timescale for this first part of the transfer was as follows:

6 January: Mr E's adviser asked Pathlines for *"the appropriate transfer out form for the above client who is considering transferring a portion of his pension plan to an Annuity"*.

9 January: His adviser obtained a quote from L&G, guaranteed until 18 February (which was a Saturday), for an annuity due to start on 30 January.

12 January: Pathlines provided a standard transfer-out form and scams warning leaflet, noting that the adviser would have to send the application to the receiving scheme. The adviser noticed that the form said, *"if you wish to purchase an annuity please complete our Annuity Open Market Option Request form"*, and asked for this form. Pathlines responded that this annuity form would have to be obtained from the receiving scheme.

Mr E's adviser says that it submitted the transfer application to L&G on this date but it appears the Pathline transfer-out form hadn't yet been completed (see below).

13 January: Mr E signed Pathlines' transfer-out form. This suggested a full personal pension to personal pension transfer was being made. Pathlines has said at this point it was unaware Mr E would be exercising his open market option (OMO) – a right he has to buy an annuity directly using his SIPP funds (in fulfilment of the terms of the existing policy rather than requiring a new personal pension to be set up). The adviser has told this service they believe this form would have been sent to L&G at some point between 17 January and 3 February.

30 January: The intended annuity start date. The adviser obtained a reprinted L&G quote (based on the same 9 January figures) on this date. I'm aware that they had also received a

new quote in the event that the 18 February deadline was missed, which showed that it would cost about £8,000 more to buy Mr E the same income.

3 February: Pathlines confirmed to the adviser what its fees would be for the transfer, and it required Mr E to have an appointment with the government's free guidance service MoneyHelper before it could proceed. It provided a link with more information about how to book the appointment.

7 February: Pathlines says in its final response to the complaint that it received a transfer request from L&G (undocumented) – but that this failed to provide L&G's Pension Scheme Tax Reference (PSTR).

10 February: The adviser instructed Pathlines to put Mr E's pension into flexi-access drawdown (FAD), having understood that a partial transfer could not be made from capped drawdown plans. They stressed the annuity rate was only guaranteed until 19 February [sic].

A Pathlines internal note of the same date reads "...she called a little while ago, asked the question and had been led to believe that the member could partially transfer out **HOWEVER** this is not the case as it's a capped DD plan...Deadline 19/02/2023 [sic] and if missed, then it could potentially cost the member £8[k]+. [Adviser] has asked a pretty please and, in turn, if someone could let her know either way to manage her and the client's expectation. Guessing there may even be paperwork for completion however could not find anything in VC."

15 February: Pathlines called the adviser as it was missing the SIPP transfer paperwork and to confirm again that Mr E would need a MoneyHelper appointment.

15 February: L&G signed its section of the Pathlines transfer-out form, provided the PSTR and sent it to Pathlines along with its own request for scheme information. The adviser also appears to have emailed Pathlines a copy, as Pathlines agrees it received it on this date. L&G's request for scheme information had a box ticked saying that Mr E was looking to do an OMO. Pathlines says this was the first point it realised this.

The adviser also confirmed that Mr E would be free for the MoneyHelper appointment which had been booked by Options for Mr E for 20 February.

A Pathlines internal note of the same date reads "I have just spoken with [member of staff]. Until we receive an update from the IFA she doesn't want to start the conversion [to FAD] so hopefully we will hear from her by [20 February] so we can organise next steps."

17 February: Pathlines and the adviser had a call to discuss attempting to extend the annuity guarantee deadline.

18 February: The annuity guarantee deadline expired. The adviser has said they didn't get a definitive response from L&G about extending this, and given the ensuring delay caused by the MoneyHelper appointment and FAD application they didn't press L&G further.

20 February: The MoneyHelper appointment took place.

21 February: The adviser provided MoneyHelper's confirmation that Mr E had attended the appointment to Pathlines.

22 February: Pathlines date stamped the transfer out form signed by L&G (albeit it appears to have received an electronic copy on 15 February via the adviser and/or L&G on 15 February, see above). It requested the encashment of funds from Rathbones and sent the adviser a FAD application and risk questionnaire, so that they could make a partial transfer.

23 February: The adviser returned Mr E's completed FAD form.

27 February: Pathlines chased Rathbones, to be told that the sale wouldn't settle until 2 March. It also sent the adviser its risk warning letter for the conversion to FAD and asked them to confirm Mr E was happy to proceed.

2 March: Mr E's funds were successfully converted to FAD.

7 March: Pathlines transferred £206,958.86 to L&G to secure the annuity, with confirmation sent on 9 March.

14 March: The adviser chased Pathlines as L&G hadn't received the confirmation sent on 9 March. Pathlines emailed it to the adviser.

Residual transfer

Later in April the adviser was looking to transfer Mr E's residual funds to Fidelity. The timescale for this second part of the transfer was as follows:

26 April: The adviser had asked Pathlines whether another MoneyHelper call was required. Pathlines confirmed this appointment was needed in order to follow guidance issued by the Pensions Regulator (TPR) for dealing with transfer requests.

28 April: The adviser argued that this transfer was not caught by TPR guidance as the schemes involved were regulated by FCA, not TPR (which regulates occupational pensions). It asked Pathlines to confirm that it wouldn't require this appointment, but didn't receive a reply.

28 April: The adviser also asked a third party compliance service for its comments, which appear to support the adviser's position.

10 May: The adviser chased for a response to their 28 April email,

12 May: The adviser sent the completed application for the Fidelity transfer to Pathlines, signed by Mr E on 10 May 2023 but not (as far as I can see) Fidelity.

17 May: The adviser chased Pathlines.

30 May: The adviser chased Pathlines.

20 June: After asking an internal department on this day, Pathlines immediately learned that it had already carried out sufficient due diligence into Fidelity, and it wouldn't require Mr E to have an appointment with MoneyHelper to guard against the risk of a scam.

30 June: Pathlines received the completed transfer documents from Fidelity. There were five attachments including a Fidelity transfer value payment request for drawdown, a London & Colonial form for the same, a letter of authority, and a member signed declaration.

6 July: Pathlines requested the encashment of remaining funds from Rathbones

17 July: Pathlines chased Rathbones, to be told that the final sale will settle on 18 July.

21 July: The adviser chased Pathlines by email.

4 August: The adviser chased Pathlines again. It responded that there have been some technical issues, but once resolved the transfer will be completed as a high priority via CHAPS.

14 August: Pathlines transferred a total of £196,295.16 to Fidelity. Confirmation was provided to Fidelity on 15 August but evidently not to the adviser until 29 August after they had asked for it.

Mr E's complaint

Mr E subsequently complained to Options UK with the assistance of his adviser in December 2023. They followed the London & Colonial (as it was then known) complaints procedure at that time, which said to contact Options UK. Options UK acknowledged the complaint on 29 December 2023 but didn't provide a response, so Mr E brought it to our service in September 2024, providing further evidence in November. We confirmed to Options UK that we had set up a complaint and asked it for its file, setting a deadline of 21 January 2025.

Options UK said it was unable to identify any SIPP it "*administered/or previous administered*" in the name of Mr E and indicated (but not to the point of confirming, citing data protection issues) that Pathlines was likely the correct pensions administrator. It further said it couldn't identify a complaint matching Mr E's details. Its response tacitly accepted that when correctly submitted, any complaint would still be dealt with by Options UK on behalf of Pathlines.

Options UK later added, "*Based on the information and documentation provided to us by the FOS, you do not currently have authority against the Pathlines Pensions UK Limited scheme. For data protection purposes we are unable to provide any information until such time as the appropriate authority has been provided. Therefore, in order to proceed, we will require the complaint, including any amended complaint form or documentation, to be re-submitted against the Pathlines Pensions UK Limited Scheme.*"

Consequently, it failed to provide a file for the complaint which it had already acknowledged – at the time it appears on behalf of London & Colonial – by the deadline set. Options UK also failed to comply with a further deadline set of 17 March 2025.

Our Investigator at the time followed the standard process we adopt, for example when insurance administrators respond to complaints on behalf of underwriters. She reset the complaint up against Pathlines and re-requested its file from the address we've been given (which is again at Options UK). A further deadline for providing the file was set as 22 April 2025.

Options UK responded that it was the first time it had received a complaint from Mr E and required eight weeks to consider it. Regrettably this was allowed to happen, so this service didn't begin investigating the complaint until June 2025.

Part of Mr E's complaint was about why he had to speak to Pension Wise during the transfer process as he had already taken advice. Due to the delays L&G's guarantee date was missed and he lost out on £1,302.12pa of income. Mr E also argued that Pathlines should restore his financial losses on the Fidelity transfer and refund the transfer fees. Finally he sought compensation of £300 for the distress caused.

Options UK's final response on behalf of Pathlines didn't agree that the transfer to L&G was delayed. However, it agreed that the second transfer to Fidelity was delayed (without providing reasons) and proposed carrying out a loss calculation plus £100 for the upset caused. It told our Investigator that it thought the transfer to Fidelity could have happened by 13 July 2023 (that is two months sooner), had it not been for the delays.

Our investigation

The Investigator was able to resolve the complaint about the delayed transfer to Fidelity, but not the annuity delay (which I'll discuss below). On the Fidelity transfer, he noted that it took six weeks for Pathlines to discover that it had already carried out sufficient due diligence into the receiving provider and said this wasn't reasonable. It appeared to him that Rathbones had taken three weeks to encash the remaining funds, which Pathlines couldn't control. But

the subsequent delay by Pathlines until 14 August 2023 hadn't been accounted for and Pathlines hadn't given a clear explanation what happened during this period.

As a result, the Investigator said this transfer could reasonably have happened within a month of the request, that is by 12 June (rather than the 13 July date suggested by Pathlines). This allowed for the same three weeks for Rathbones to encash the funds. He recommended a loss assessment based on Mr E's policy being valued for transfer on 12 June and reinvested with Fidelity shortly after that date.

Given the delays Pathlines had caused to both the annuity purchase and subsequent transfer, he considered it should increase its existing offer by £150. But he didn't agree that any transfer processing fees should be refunded.

Pathlines agreed with the Investigator's view on all matters, and Mr E disputed the annuity purchase aspect only. His adviser said that countless days were wasted by Pathlines not responding to requests and asking for things it didn't need. Specifically, they said:

- They had questioned the need for a MoneyHelper appointment. Pathlines treated Mr E unfairly by insisting on this appointment.
- They believed Pathlines was applying occupational pension regulations to all personal pension transfers, as confirmed by the adviser's third-party compliance service.
- Pathlines was always aware that Mr E was taking an OMO, and it asked Pathlines for the annuity purchase form.
- It also failed to act on the adviser's instruction to move to FAD on 10 February 2023.
- The payment was paid by BACS and took 5 days to reach L&G, despite the adviser asking for CHAPS on the transfer-out form.
- Rathbones acted promptly once it received the instruction from Pathlines.
- If all of Pathlines' actions had happened on time then the cash transfer would have been completed by the guarantee deadline.

I issued a provisional decision on 22 December 2025 to which I required responses (or requests for more time) by 19 January 2026. In summary, I agreed with the Investigator that Pathlines was incorrect to insist on a MoneyHelper appointment. Whilst it could have nudged him towards getting guidance from MoneyHelper, I was satisfied that it would have taken no more than two working days for Mr E to confirm that he didn't want this because he had received regulated advice.

However Pathlines didn't receive its own transfer-out form from L&G, until 15 February 2023, and wasn't in a position to give the instruction to encash the Rathbones portfolio until that requirement had been met and it had carried out any necessary due diligence. Although I thought that Pathlines should have reminded L&G around 10 February that it was missing some information including this form, rather than waiting until 15 February, I didn't think this would have made a difference to the annuity guarantee date being exceeded.

I considered that it was only likely L&G might have been prepared to extend the guarantee period by a day or two if it knew the funds were in transit – but in fact they wouldn't have been sold in time. However, I thought that Pathlines caused a short delay of a week to its instruction to Rathbones to sell the funds, which may have meant Mr E ended up with either more or less money remaining in his pot for the later transfer – after the fixed purchase price of the annuity was paid out. I said that adjusted sum was what should be taken into account in the settlement the parties had agreed to for the delayed Fidelity transfer.

Finally, I thought the Investigator's proposed award for distress and inconvenience wasn't enough. The unnecessary MoneyHelper appointment, and Pathlines spending over five months delaying our service being able to start its investigation, were significant aggravating

factors that he didn't take into account. I concluded a total amount of £600 should be paid to Mr E for all the distress and inconvenience caused.

Responses to my provisional decision

Mr E's adviser asked for an extension of time, which I agreed for 26 January 2026. This was to allow a meeting between Mr E and his accountant, following which his accountant wrote to me on 23 January. In summary, they said that:

- They were still unable to accept that Pathlines' delay in insisting on a Moneyhelper appointment wasn't responsible for missing the annuity guarantee.
- Mr E was most reluctant to undergo the Moneyhelper appointment and they have demonstrated that he definitely suffered loss as a result of this.
- The adviser (copied to the message) will contact me separately about the delays in the Fidelity transfer, as no part of that settlement has been calculated or paid.

The deadline has now passed without further comment from Mr E's adviser, but I take the point that they don't regard the complaint about the delayed Fidelity transfer as settled.

Pathlines didn't respond by the deadline, nor at the time of writing have we received a late response.

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.

The format of my findings will follow that of the provisional decision, with added commentary where relevant to address Mr E's points.

Annuity delay

There appears to be some confusion in Pathlines' complaint response where it says that discovering, at a late stage, that Mr E was purchasing an annuity triggered the need to convert the plan to FAD. The Open Market Option (OMO) has also been mentioned.

Mr E's adviser set out at the beginning that he was purchasing an annuity, and only using part of the SIPP to do this. It seems Pathlines did have a form for an annuity purchase, but when the adviser asked to complete it they were confusingly redirected to L&G. And I've seen no evidence that this transfer was processed as an OMO in the typical sense (Pathlines providing tax-free cash first and then paying the remaining value as an annuity purchase price). That seems to be because Mr E had already taken his tax-free cash before going into capped drawdown. And the reason Mr E had to go into FAD first was not in order to exercise the OMO per se, but because he wasn't using all his funds to buy the annuity and the capped drawdown product wouldn't allow a partial transfer.

Pathlines' internal note of 10 February suggests that it had previously misinformed the adviser that Mr E could do a partial transfer *without* converting to FAD first. So, I've taken the view that without this misinformation, the adviser ought to have been in a position to request the FAD conversion long before the annuity purchase completed. And I also don't agree that the FAD application was co-dependent on that purchase being ready to go ahead. Mr E also had other funds with Pathlines that were not, at that stage, going to be transferred. The FAD application could have been completed at any time, and in view of the annuity guarantee deadline I think it would have been progressed from Mr E's side as fast as Pathlines allowed.

So, I've essentially assumed the FAD application shouldn't have caused a delay in the rest of my analysis.

I can consider the extent to which Pathlines acted in line with expectations of good industry practice for an annuity purchase here. The most recent guidance from the ABI is still its Code of Conduct on Retirement Choices (from 2012). This says in relation to people buying an annuity: *"Providers must make all payments promptly and accurately, to the same standards as would be achieved through the [Origo] Options service"*.

Pathlines doesn't need to be a member of the ABI for me to recognise that this would represent good industry practice. And the Origo Options service was developed in part to reduce the incidence of transfers that breached guarantee periods on annuity quotes. It doesn't appear that London & Colonial or Options UK (as administrator of that provider) was on the Origo Options system at that time. However even on receipt of written paperwork I would expect a personal pension provider to act diligently and in the best interests of its client in accordance with the FCA's principles, so as to avoid unreasonable delays.

Pathlines does seem to have caused an excessive delay back at the outset in taking from 13 January to 3 February to acknowledge the request for transfer paperwork. However, I haven't been able to identify that this ultimately affected the delayed receipt of paperwork from L&G. I'll explain why below.

As far as I've been able to establish, there's no record of Mr E's adviser asking to encash the Rathbones portfolio other than as part of the transfer itself. I've recently asked the adviser about this. They commented,

"We had asked Pathlines to convert the SIPP to flexi-drawdown and asked if they could instruct the sale of investments ahead of receiving the evidence of the call with PensionWise [MoneyHelper], but it transpired they did nothing ahead of receiving confirmation that the call had taken place."

Although it was necessary to convert the SIPP to FAD, whether or not Mr E sold investments in advance of a transfer happening was a separate decision. I find it unlikely that Pathlines would have refused to accept an instruction to sell investments, as they are bound to act on Mr E's instructions (or the adviser's under his authority). It seems more likely to me that this simply wasn't suggested by Mr E or his adviser as part of preparing for the transfer.

Nevertheless, I consider Pathlines was incorrect to insist on a MoneyHelper appointment, and I don't doubt the level of irritation this caused Mr E. Pathlines has given mixed reasons for its decision, ranging from the TPR guidance to prevent scams (underpinned by legislation) to the FCA's own nudge to guidance.

As Mr E's pension was already in drawdown, he didn't formally have a statutory transfer right¹, which is what is affected by the system of red and amber flags laid out in the Conditions for Transfers Regulations 2021 (and to which the TPR guidance relates). To the extent that Pathlines considered it should proceed with other contractual or discretionary rights Mr E had to transfer in the same spirit as that TPR guidance, it's provided no evidence of why it should have been so concerned about an FCA regulated adviser recommending an annuity purchase with a well-known UK insurer that Mr E needed to discuss the matter with MoneyHelper because of the risk of a scam. Indeed it reached the opposite conclusion when Mr E subsequently transferred to another established UK SIPP provider, Fidelity. So I think that argument should be discounted.

¹ Pension Schemes Act 1993, Part 4ZA, Chapter 1, s.93(3) and ss.94,95

Regarding the nudge to guidance in COBS 19.7, no other provider that I've seen has implemented this by providing no alternative but to attend a MoneyHelper appointment. And for good reason: the rules are clear that the consumer should have the option to opt out of the appointment, or declare that they'd received regulated advice. Mr E would I am sure have wanted to do both if given that option. His adviser's initial misunderstanding of his ability to opt out is no excuse for Pathlines' flawed implementation of the FCA rules.

Pathlines first informed the adviser of the need for a MoneyHelper appointment on 3 February 2023. I think that should only have been a reference to the FCA's nudge to guidance, because Pathlines hadn't yet formally received the transfer request on which it would then carry out any due diligence – it evidently got the first forms from L&G on 7 February. Nevertheless Pathlines was entitled to ask Mr E whether he intended to seek guidance or had taken regulated advice, because it knew he was seeking to make a transfer.

I note how reluctant Mr E was to attend the appointment. Given the approaching annuity guarantee deadline, I'm satisfied that it would have taken no more than two working days for Mr E to confirm that he didn't want to speak to MoneyHelper because he had received regulated advice. That takes us to 7 February 2023, which coincides with when Pathlines says it received L&G's transfer request but not its own transfer-out form. Mr E's adviser has recently confirmed that the latter wasn't provided, countersigned by L&G, until 15 February.

I agree that Pathlines wasn't in a position to encash the Rathbones portfolio until it knew a transfer was happening, which does mean receiving all these forms and carrying out any necessary due diligence. That's because, as I've noted above, it had received no separate instruction to sell the Rathbones funds down to cash. As a result, I need to consider whether Pathlines was responsible for any delay in it receiving these forms.

Given that Pathlines had wrongly informed the adviser of the necessity of the MoneyHelper appointment on 3 February, I'm mindful that from that point the adviser's and Mr E's attention were focused on the appointment date of 20 February. In addition, from 10 February the adviser was also involved in the application for FAD which had been unnecessarily delayed by Pathlines. However I can't fairly say either of these caused the late receipt of the transfer application form from L&G, as L&G had evidently had the form for some time and wasn't party to these processes between Mr E/his adviser and Pathlines.

It wasn't until a relatively late stage (10 February) that the adviser reminded Pathlines of the annuity guarantee date and asked for a call to manage their expectations, bearing in mind there was still some hope at that point that L&G might extend the guarantee. That happens to be about three working days after Pathlines received the first piece of paperwork from L&G, which amounted to a formal transfer request.

I also think it would be reasonable for Pathlines to have contacted L&G around 10 February in any event, to point out that it was missing the PSTR and its own transfer application form – the steps it actually took on 15 February. I can't say that it would have been reasonable for Pathlines to chase L&G before that point because it only formally knew where it was being asked to send the funds to as a result of being contacted by L&G on 7 February.

Even if I assume that the missing form was emailed across to Pathlines immediately on 10 February (a Friday), as it later was on 15 February, that only gave a week in total for Pathlines to act to ensure that L&G received the funds by the following Friday. The guarantee expired on the 18th (rather than the 19th) which was in any case a Saturday. This time period would reasonably include:

- The time to carry out due diligence to ensure that Pathlines was making a transfer to L&G that was valid under the tax rules and wasn't at material risk of being a scam.
- Selling down the Rathbones portfolio.

- Processing a payment request.

Whilst I accept that it shouldn't have taken long to establish that L&G had provided a valid PSTR and the annuity purchase wasn't at risk of being a scam, I can't fairly say Pathlines should have requested the funds were encashed until that point. It has explained that L&G's annuity arm hadn't previously been vetted or added to its 'clean list' for transfers and was referred to its technical team first. Alongside this, it would have taken a few days at least for Pathlines to process the paperwork, identify everything was in order and send the request to Rathbones. That in effect brings us back to 15 February in any event.

The actual encashment of the portfolio took from 22 February to 2 March – six working days. The adviser suggests in their submissions that Rathbones acted appropriately and I see no reason to question that processing time. Rathbones would have had to ensure that it only sold sufficient investments to realise the annuity purchase price without over- or undershooting that amount.

Unfortunately that period alone would have taken the timescale past the annuity guarantee date, even before I consider the potential time it would have taken Pathlines to process the payment to L&G. That might reasonably have taken a day or two even if the payment was ultimately sent by CHAPS.

It's possible L&G might have been amenable to a short extension of the guarantee, had it been pressed to do so – both in view of the fact that the adviser could have questioned why L&G held onto Mr E's application form and also the guarantee date falling on a Saturday. But on the other hand, all the parties would have known it was going to cost about £8,000 more to purchase the same income outside the guarantee – and that a key cause of the purchase not completing in time was Mr E's funds sitting in a Rathbones portfolio when they needed to be sold.

On balance, I only think L&G would have been willing to potentially extend the guarantee beyond the weekend by a day or two if Pathlines could confirm the funds were already in transit. Pathlines wouldn't have been able to do this as it wouldn't have received the funds from Rathbones until, at the earliest, around the middle of the week after the guarantee expired – and would then have needed to process a CHAPS payment.

I therefore agree with the Investigator's overall view that Pathlines isn't responsible for Mr E missing the annuity guarantee. I do consider that it caused a short delay of a week between 15 February (when it could have given Rathbones the instruction to encash funds) and 22 February (when it actually did so).

Our Investigator didn't determine that any compensation was payable for this, and I accept that the purchase price paid out for the annuity wouldn't have changed. But selling the investments a week earlier to achieve the same purchase price may have impacted Mr E (either positively or negatively) in terms of how much was left in his portfolio. I consider it would be fair and reasonable for that to also be taken into account in the compensation for the transfer of Mr E's residual funds.

Transfer of residual funds

Both parties had already agreed a method of compensation for this part of the complaint in response to the Investigator's view. It's not my role to unpick an agreement that has already been reached, as that runs counter to the expectation that both parties should seek wherever possible to resolve the complaint at the earliest opportunity without an Ombudsman's involvement.

The Investigator looks to have considered all the relevant points in arriving at a timescale by

which the second transfer should have completed, and both parties already had the opportunity to agree or disagree with him. I understand that the compensation for this part hasn't been paid, but that's understandable as the rest of the complaint is only now being resolved with this decision. It doesn't give me a reason to set aside the timescale both parties had agreed to.

In my view the compensation proposed by the Investigator provides a fair and reasonable resolution to this part of the complaint, except that (as above) I consider that any higher or lower investment value resulting from the sale of the Rathbones funds a week earlier for the annuity purchase price should also be taken into account. And I'll set out in more detail at the end of this decision how compensation should fairly be based on this timescale.

Distress and inconvenience

Our Investigator recommended that Pathlines paid Mr E £250 for the distress and inconvenience caused in relation to both transfers.

In my view the main cause of upset to Mr E at this time was that Pathlines was wrong to insist on the MoneyHelper appointment (rather than just explaining it poorly as the Investigator argued). I'm satisfied that Mr E wouldn't have attended the appointment but for Pathlines' insistence on it. Mr E's adviser says *"the call lasted over an hour...it caused him a great deal of stress. Most of the information covered was generic and not relevant to [his] personal circumstances. To add to the confusion, at the end of the call they suggested he seek advice from a Financial Adviser..."*

Whilst it's not for me to comment on the way the call was conducted by MoneyHelper, it goes without saying that Pathlines was the cause of Mr E, by this point aged 84, spending an hour having a conversation he found unnecessary, frustrating, and somewhat cyclical in being referred back to get advice he'd already taken and which was more specific to his circumstances.

In terms of the Fidelity transfer request, the Investigator noted that it took six weeks before Pathlines enquired internally and learned that Fidelity was already on its 'clean list' (denoting that sufficient due diligence had already been carried out). And that there were unexplained technical issues preventing Pathlines completing the transfer between 18 July and 14 August 2023. Both parties have accepted his conclusion about this transfer. Being much more excessive delays than the annuity purchase, it seems they would originally have formed a significant part of the Investigator's £250 award.

Until agreeing it had carried out sufficient due diligence into Fidelity, Pathlines had been suggesting that yet another MoneyHelper call was necessary. I think Mr E's adviser was wrong to argue that the Conditions for Transfers regulations couldn't apply at all to schemes regulated by the FCA – they are legal requirements that apply to *all* schemes. However, it was premature for Pathlines to be discussing such an appointment before it carried out any necessary due diligence.

In my view there has also a significant further cause of upset for Mr E caused by Pathlines' failure to meet the Financial Ombudsman Service's deadlines. It's rare for me to comment on how a business responded to a complaint, because the conduct of complaint handling itself is a matter for the FCA and not this service. But once the complaint has been referred to our service, businesses are expected to meet the deadlines we set. DISP 3.5.14R sets out that if a respondent fails to comply with a time limit, the Ombudsman may: (1) proceed with consideration of the complaint; and (2) include provision for any material distress or material inconvenience caused by that failure in any award which he decides to make.

DISP 3.9.1A also provides that the Ombudsman may designate members of the staff of FOS

Ltd to exercise any of his or her powers (except insofar as is relevant here, to determine the complaint itself). Here the matters being delegated by the Ombudsman as far back as November 2024 were requesting information from Options UK about a complaint which it had acknowledged from Mr E on 29 December 2023.

Even though the complaint was not against Options UK but against Pathlines, who had delegated responsibility for answering the complaint to Options UK, that is a matter which frequently occurs with insurance disputes – as I've noted earlier in this decision – and is regularly solved by the business informing us which respondent to note on our systems rather than insisting the whole complaints process is restarted. If there was genuinely no delegated responsibility for Options UK to handle the complaint, then I would expect to see it refer the matter to Pathlines in accordance with the complaints forwarding rule in DISP 1.7.1R. Pathlines has now admitted that it (Options UK) acknowledged Mr E's complaint back in December 2023 but didn't complete an investigation.

The Investigator allowed Options UK a further eight weeks to investigate the complaint in Pathlines' stead, in the hope that once a final response was issued we would obtain its file. Had Options UK simply located Mr E's complaint and asked us to record Pathlines as the respondent, there would have been no need for the Investigator to do this. Pathlines should have provided its file within the first deadline which we set. Its eight weeks to answer the complaint had long since expired, but it may well have been able to provide its point of view during the investigation and before the first view was issued.

When all of the significant (but unnecessary) to-and-fro correspondence with this service is also taken into account, Pathlines caused a delay from 7 January to 17 June 2025 in our being able to consider Mr E's complaint. Mr E is now 86 years old and in poor health, and has had to wait much longer than he should have had to for his complaint to be resolved. His adviser explains "*He feels let down. The whole experience has caused him no end of stress.*" I can understand that and will be taking it into account, as DISP 3.5.14R allows.

In conclusion the unnecessary MoneyHelper appointment, and over five months delaying our service being able to start its investigation were significant aggravating factors that our Investigator didn't take into account in his award. I think it's fair for a total amount of £600 to be paid to Mr E for all the distress and inconvenience caused. This puts the award towards the upper end of our banding where the impact of a mistake has caused considerable distress, upset and worry – with an impact lasting over many weeks or months. I'm satisfied that applies here.

Putting things right

My aim in awarding compensation is to put Mr E as closely as possible into the position he would have been, but for the delays and unnecessary requirements imposed by Pathlines – but taking into account that both parties have already agreed a settlement regarding the second part of the complaint. I intend to require Pathlines to carry out the following calculation:

1. Determine what the notional transfer value would have been for the Fidelity transfer if the residual funds had been encashed by Rathbones just in time for them to be sent to Fidelity on 12 June 2023. This transfer value should take into account any different value there would have been in the Rathbones portfolio as a result of Pathlines previously requesting that assets were sold on 15 February rather than 22 February 2023, to meet the same annuity purchase price.
2. Establish from Mr E how many working days after Pathlines actually sent the transfer value across to Fidelity (14 August 2023) his further investments were made, and add the same number of working days to 12 June 2023. The resulting date is A.

3. The investment performance of Mr E's chosen funds at Fidelity should be applied to the notional transfer value in (1) from date A up until the date investments were actually made with Fidelity (date B).

This can be ascertained from Pathlines asking Fidelity to carry out a calculation of the increase or decrease in unit prices, or by referencing the prices of those units from online sources.

4. The actual amounts invested into Mr E's chosen funds with Fidelity on date B should be subtracted from the result of (3). If the result is negative, there is a gain and no redress is payable for financial loss.
5. Any loss from (4) should be adjusted to the date of my Final Decision using the investment performance actually achieved in Mr E's Fidelity SIPP since date B. This can be calculated using the same method as in (3).
6. The resulting loss should be paid across to the Fidelity SIPP. If Pathlines or Fidelity considers that this cannot be treated as a delayed transfer amount and would instead count as a personal contribution to the SIPP, it may be paid to Mr E directly – after a notional reduction is first applied to account for the fact that these are funds that would otherwise be taxed as income in future.

The notional reduction should correspond to Mr E's marginal rate of income tax in retirement. This isn't a payment of tax to HMRC but a reduction to ensure Mr E isn't overcompensated. Unless either party provides evidence to the contrary, I'm going to assume this will be the basic rate of income tax.

7. Pathlines is to additionally pay the sum of £600 directly to Mr E as compensation for distress and inconvenience.

In order to carry out this calculation, Pathlines may request information on the investments made within the SIPP and any authority to request further information from Fidelity. I expect Mr E to comply with any such request promptly.

My final decision

I uphold Mr E's complaint and require Pathlines Pensions UK Limited to calculate and pay him compensation as set out above.

If any element of the compensation isn't paid within 28 days of Pathlines being notified of Mr E's acceptance of this decision, interest for late payment must be added from this deadline date to the date of payment at 8% per year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 26 February 2026.

Gideon Moore
Ombudsman