

The complaint

Mr D complains that The Royal London Mutual Insurance Society Limited trading as Royal London provided incorrect information about the pricing method that would be used when he asked it to switch funds in his personal pension. He also complains about delays he experienced.

Mr D is represented by his independent financial adviser (IFA).

What happened

Mr D had a personal pension plan with Royal London. He was considering transferring his pension to another provider. His IFA discussed “locking in” the value of his pension in the interim by moving all of his funds into the Royal London Deposit Fund. The IFA telephoned Royal London on 5 August 2024 to enquire about doing this. Royal London told her that it would key the switch as at the date of the original request. The IFA then sent an email to the address provided by Royal London and asked it to proceed with the switch. In the email the IFA said:

“I believe it takes 3-5 days, however the prices used are as of the day the instruction is given.”

The next morning the IFA contacted Royal London again. She said she’d received a bounce back of the email she’d sent. She was concerned about this since she’d noted that the value of Mr D’s pension had fallen by around £11,000. Royal London said it hadn’t received the email and ultimately asked her to send the email to a different email address. The IFA explained that she wanted the request to be processed as at 5 August 2024 – because of the subsequent fall in value. Royal London said it would treat the request as urgent.

On 16 August 2024 the IFA raised a query with Royal London. She said that the price used when the switch had been executed was as at 7 August 2024 – and not the value as at 5 August 2024. As a result, she said Mr D had lost out by around £10,000.

Royal London investigated the query raised by the IFA. It responded on 28 August 2024. It confirmed that no error had been made. It explained that it used a two-day pricing method for all switch requests. This meant it had keyed the request using the date of 5 August 2024, but the prices used would then have been the prices published on 7 August 2024. Mr D’s IFA did not accept this. She also said that the delay in receiving Royal London’s response had caused further financial loss for Mr D because annuity rates had fallen in the meantime.

Mr D subsequently asked for his pension to be transferred to another provider. This was completed on 9 September 2024. Mr D thought the transfer had taken too long to complete. The IFA complained to Royal London on behalf of Mr D.

Royal London investigated Mr D’s complaint. It said it had received the switch instruction on 5 August 2024. The switch was based on the price the following day (business day 2) and this was the price published the next day (business day 3). It thought its adviser had provided correct information on 5 August 2024 but acknowledged that, with hindsight, she

could have explained the two-day pricing arrangement which it always applied to this type of request.

Royal London said it had to refer the query raised on 16 August to its technical team and that's why it hadn't been able to respond more quickly.

In relation to what Mr D had said about the transfer request and the annuity pricing he'd obtained, Royal London said it had completed the transfer request within six business days of receipt of the request.

Mr D did not accept what Royal London said. He referred his complaint to our service. Our investigator looked into his complaint. She thought there'd been a misunderstanding when the IFA had contacted Royal London. She said Royal London could have been clearer about its two-day pricing method. It had then missed a further opportunity on 6 August 2024 to inform the IFA about the two-day pricing method. Royal London also hadn't provided anything to our service which set out any information about the two-day pricing method which it used. So, our investigator thought Royal London could have provided clearer information.

Our investigator then considered whether Mr D had suffered a financial loss because of what happened. She wasn't persuaded, however, that even if Mr D's IFA had been provided with clearer information, Mr D would have done anything different or would have delayed the switch.

Royal London had keyed the switch instruction as at 5 August 2024 – which was the date it had been given. It used a two-day pricing method for all switch requests. So, it was fair and reasonable for it to use the 7 August 2024 price.

It was the case that because of the lack of clear information Mr D had experienced a loss of expectation. To compensate him for this and delays in providing information to him, our investigator said Royal London should pay him £250 by way of compensation.

Our investigator didn't think Royal London was responsible for any delay in processing the transfer request. It had received the request on 2 September 2024 and had completed the transfer on 9 September 2024 – which was a reasonable timeframe and within best practice timescales for cash transfers.

Royal London accepted what our investigator said.

Mr D did not agree. He said the proposed compensation was nowhere near enough to cover the incompetence of Royal London and the impact on him.

Because Mr D disagreed, the complaint has been passed to me to decide.

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.

What was Mr D's IFA told?

I've listened to the telephone calls between Mr D's IFA and Royal London. The first call was on 5 August 2024. It was a relatively brief call. The IFA indicated she had a generic query about making a fund switch. She was concerned about market volatility. She asked about the timeframe and was told it would be three to five working days. She specifically asked if

the price would be the price at the date of request or the price at the date the switch was processed. Royal London responded to say:

“If you were to make the request tomorrow just hypothetically it would take us 3-5 working days to key the switch from that point but we’d key it as if it was requested sort of tomorrow so we do it after the date of original request as opposed to date of receipt.”

Royal London said the best way to send the request was by email and provided the email address. The IFA sent an email using the address provided. In the email she said:

“I believe it takes 3-5 working days, however the prices used are as of the day the instruction is given.”

Based on the limited information provided during the telephone call on 5 August 2024, I can understand why the IFA stated her belief that the price used would be the date of the instruction – even though Royal London hadn’t specifically confirmed that.

The email wasn’t received by Royal London. The IFA received a “bounce back.” It’s not clear why that happened. She telephoned Royal London the next day. She was particularly concerned that Mr D’s pension had fallen in value since the previous day. The adviser suggested that the IFA request the switch using its online system. She explained that she was reluctant to do that because the value had fallen since the previous day.

During the call on 6 August 2024 the IFA re-sent the email to a different address provided by Royal London. It received that email and agreed to send it to the relevant team. The IFA emphasised she wanted it processed as at 5 August 2024 because of the fall in value. Royal London confirmed it would place a note on the instruction to this effect.

During the conversation on 6 August 2024, Royal London did not make clear to the IFA that although the switch would be processed as if the request was received on 5 August 2024, the price used would be the price published on 7 August 2024. Infact Royal London made no reference to the two-day pricing method at all - despite the concerns which the IFA was expressing about the value having fallen.

The IFA says that following the calls she believed the switch would be backdated to 5 August 2024 and would be based on the price at that date. However, that was a mistaken belief - because Royal London used a two-day pricing method.

The two-day pricing method

Royal London says it uses a two-day pricing method. It hasn’t provided a copy of any documentation, such as the terms and conditions, where this is referred to.

I can see there is a reference to the two-day pricing method on Royal London’s website in the Fund Prices and Factsheets page. In the Notes at the end of that webpage the following wording appears:

“A switch request will normally be effected at prices published on the second business day after we receive it.”

In its final response letter to Mr D and in its submission to our service Royal London has referred to its two-day pricing method. It says it always uses this method when processing a switch request. It acknowledges it could have made this clearer to the IFA during the telephone calls on 5 and 6 August 2024.

I would just comment that it is not unusual for a business to use a two-day pricing method - which means the switch is usually carried out using the price on the day following the receipt of the request. That means the price is not known when the switch request is made to the business by the consumer. And there is a risk that the price could be higher or lower than it was on the date when the switch request was made.

The pricing applied to Mr D's switch

Royal London applied its two-day pricing method to Mr D's switch. It says it did so in line with the IFA's request to date the request as at 5 August 2024. But, in accordance with its two-day pricing method, the prices used were the prices published on 7 August 2024. It says it has treated Mr D in the same way as it treats all of its customers.

Mr D says Royal London should have used the prices which applied on the date he made his request.

Having considered everything here, I am satisfied that Royal London has treated Mr D in the same way as it treats all of its other customers. It applied its two-day pricing method. And, as I've mentioned above it is not unusual for a business to use that method. So, I don't think it's fair and reasonable in all the circumstances that applied here to require it to use the prices that applied on the date it received the instruction to make the switch.

Having said that, I am persuaded Royal London could have done more during the two telephone conversations to draw the two-day pricing method to Mr D's IFA's attention especially when his IFA was expressing concerns about the fall in value of his pension since 5 August 2024 when the initial request was made. Royal London has accepted that. I'll comment below about the actions I think Royal London needs to take to put things right here.

Mr D's concern about delays

Mr D has expressed concerns about the time taken by Royal London to respond to his query about the price that was used. He raised that query on 16 August 2024 and received a response dated 28 August 2024 – which was eight working days later. Royal London says it had to refer the query to its technical team, and it had to replicate the request before it could confirm that the pricing used was correct. Having considered the time taken to respond, I think the explanation provided by Royal London is fair and reasonable. I'm also not persuaded, on balance, that during this time Mr D would have been unable to proceed with transferring his pension to another provider if that was what he wanted to do. Infact, Royal London only received the transfer request on 2 September 2024. It completed the transfer on 9 September 2024. I think the time taken to complete the transfer was fair and reasonable and in line with industry best practice timescales for a transfer of this nature. So, I don't think Royal London needs to take any further action regarding the time it took to complete the transfer.

Having considered everything here, I've decided that Royal London could have done more during the telephone conversations on 5 and 6 August 2024 to explain to Mr D's IFA that it used a two-day pricing method when a switch was requested. That meant it wasn't possible to guarantee the price that would be applied at the point in time when the switch was requested. It didn't do that. So, I need to consider what action should be taken by Royal London to put things right.

Putting things right

When a business makes an error or where, as here, we've decided it could have done more

to provide clearer information to its customer, it's not our role to fine or punish it. We look to see what action needs to be taken to put the consumer as closely as possible into the position they would probably now be in if the business had provided clearer information.

Our investigator thought that Mr D had not suffered any financial loss despite what had happened. She said that even if Royal London had provided clearer information about the two-day pricing method on 5 August 2024, it was likely the IFA would still have proceeded to send the switch instruction on that date. That meant the switch would still have completed at the same price as had actually occurred.

It's not possible to be certain what would have happened if the IFA had been given clearer information. So, when thinking about this matter, I've reached my decision based on what I consider is most likely to have happened in light of all the available evidence. Having done so, I'm persuaded on balance, it's likely the IFA would still have instructed the switch to take place on 5 August 2024 even if she'd been given information about the two-day pricing method. I'll explain why.

During the call on 5 August 2024, the IFA expressed concerns about market volatility at that time and was anxious to "lock in" the value of the pension as a temporary measure pending the switch to another provider. If the IFA had been given the correct information, she would have realised that irrespective of the date when the switch instruction was sent to Royal London, there was no guarantee what the "lock in" price would be – since the price was determined using the two-day pricing method. So, there would always be a risk, irrespective of when the instruction was given to Royal London, that the price could change – it could increase or decrease because of the two-day pricing method.

When the IFA contacted Royal London on 5 August 2024, she stated that Mr D was worried about markets. He was going to transfer out to another named provider but hadn't decided on which option he'd select. That was why he wanted to "lock in" the value by switching to the Deposit Fund. On 6 August 2024, that objective had not changed. So although the value had fallen, even if the IFA had been given the correct information on 6 August 2024 about the two-day pricing method, there was no guarantee that the price wouldn't change again before the switch was completed. The IFA was clear that she wanted to proceed with the switch using the 5 August 2024 date as the date of the instruction. I'm satisfied that was the date of the original instruction – even though Royal London wasn't able to explain why it didn't appear to have received the email which had been correctly addressed to it.

So, I'm persuaded that even if Royal London had correctly described its two-day pricing method, it's likely, on balance of probabilities, the IFA would still have proceeded to instruct the switch as at 5 August 2024. For that reason, I've decided that Mr D hasn't suffered any financial loss as a result of what happened.

It is the case that the price used here was considerably less than what Mr D's IFA had believed would be the case. I agree with our investigator when she said that Mr D himself wouldn't have experienced distress and inconvenience directly – because he'd been represented by his IFA throughout the process. However, it is the case that he would have been impacted when he didn't receive the price he was expecting to receive. Our investigator thought £250 was fair and reasonable to cover Mr D's loss of expectation. Mr D doesn't think this is enough.

As I've stated above, Mr D would have been disappointed by the drop in value of his pension. The difference in the price he achieved was substantial. So, although I've decided that even if Royal London had provided full details to his IFA about the two-day pricing method, he would still have proceeded with the switch, I think it's fair and reasonable in these circumstances to require Royal London to compensate Mr D for the disappointment

and loss of expectation he experienced.

Having considered everything, including our guidelines for awards of this nature, although I know Mr D thinks it isn't sufficient, I've decided that £250 by way of compensation is fair and reasonable in all the circumstances that applied here.

My final decision

For the reasons set out above, I uphold this complaint, in part, about The Royal London Mutual Insurance Society Limited trading as Royal London. I now require it to take the following action:

- Pay Mr D £250 by way of compensation for the disappointment and loss of expectation he experienced as a result of what happened here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 20 March 2026.

Irene Martin
Ombudsman