

## The complaint

Mrs C complains that she sought to transfer monies from her existing self-invested personal pension ('SIPP') to a new pension provider and Quai Investment Services Limited ('Quai') caused delays in that process. Mrs C complains she's suffered a loss as a result of these delays.

## What happened

I've set out below a summary of what I consider to be some of the key points from the evidence we've been provided in this complaint.

Mrs C had a SIPP with Quai, the bulk of the monies in the SIPP were invested through a Provider F platform. In 2024, Mrs C appointed a new financial adviser (Firm S) who wanted to obtain information about her SIPP from Quai. Having obtained information from Quai about Mrs C's SIPP, Firm S subsequently advised her to transfer her pension monies to Provider B.

Provider B requested the transfer of monies from Quai via the Origo Transfer Service. And notes from the Origo Transfer Service record a transfer creation date on the system of 21 October 2024 for Mrs C's pension monies.

Provider B emailed Quai on 19 November 2024 and asked to be updated urgently on the position of the Origo transfer for Mrs C's pension monies. Provider B noted that the *"case was activated on 21/10 and we are yet to receive any updates on the transfer's progress."*

Quai replied to Provider B on 21 November 2024 and noted that the *"transfer request is in our workflow to be set up in due course however we cannot give a timescale for completion at present."*

On 26 November 2024, Quai emailed an instruction to Provider F requesting the disinvestment, closure, and return of funds from Mrs C's Provider F account. Provider F then emailed Quai on 16 December 2024, confirming that £308,246.72 had been paid out from the account on 12 December 2024 and that this could take up to five days to reach the relevant bank account with Quai.

Quai then emailed Provider B on 31 December 2024 and confirmed that the transfer for Mrs C had completed. Provider B replied on 2 January 2025 to confirm safe receipt of the funds and to request that the Origo transfer system be updated by Quai to show funds had been sent so that Provider B could then finalise the transfer. Quai replied later the same day to confirm this had been done.

Mrs C complained to Quai about the delays in the process. Quai replied to Mrs C's complaint and noted, amongst other things, that:

- Quai acquired Intelligent Money Limited's ('IM') pension business on 28 May 2024.

- The number of administrative requests coming into IM severely increased from the start of 2024 and this has had an impact on Quai being able to process requests as quickly as it would have done under normal circumstances.
- The original instruction to transfer Mrs C's pension monies was received on 21 October 2024.
- Following this, a disinvestment instruction was sent to Provider F on 26 November 2024 and the realised monies were returned to Mrs C's SIPP on 16 December 2024.
- The cash value, totalling £307,923.92, was then transferred to Provider B in three separate payments between 19 December 2024 and 20 December 2024.
- A residual payment from Firm F was credited to Mrs C's SIPP on 11 February 2025 and this was sent to Provider B on 14 February 2025. (Quai has subsequently explained it received £9,463.43 from Provider F on 11 February 2025 and it sent the residual funds it held for Mrs C (£10,576.63) across to Provider B on 14 February 2025)
- It was upholding the complaint and it was offering to refund a £180 fee that was deducted prior to monies being transferred to the receiving scheme. It would arrange for that sum to be paid across to the receiving scheme.
- In addition to this, due to the length of time taken to complete Mrs C's requests, it was also offering £250 as compensation for the inconvenience and upset she may have been caused. It would arrange for this to be paid directly into Mrs C's bank account and asked for details from her to enable it to make this payment.

Dissatisfied with Quai's response, Mrs C referred her complaint to this Service.

Mrs C has noted, amongst other things, that:

- Firm S sent an information request to Quai on 12 June 2024 and it took until 2 July 2024 for Quai to state it required a new LoA. Mrs C signed a new LoA and Firm S sent this to Quai on 5 July 2024.
- There were unnecessary delays in Quai providing information Firm S needed to provide independent advice. Quai sent information to Firm S about Mrs C's pension on 5 August 2024. The delay in Quai providing relevant information to Firm S delayed the overall transfer process.
- There were also delays in Quai's execution of instructions to sell funds and the transfer of liquidated funds to Provider B.
- These delays caused Mrs C a financial loss.
- An incoming administrator should be adequately and competently staffed and capable of managing the workloads arising from client requests to transfer out funds in a timely manner.

One of our investigators reviewed the complaint and concluded it should be upheld. Briefly, they said that but for Quai's delays the transfer of Mrs C's monies would have completed on 4 October 2024.

Quai didn't reply to the investigator's assessment.

Mrs C replied to the investigator's assessment and noted, amongst other things, that:

- Her preference would be for redress to be paid into her pension plan if possible.
- She has not yet taken any tax-free cash from her pension plan.
- If payments are paid directly then she wonders whether the payment should be grossed up so that any tax cost is borne by Quai.
- Her and her husband manage/control pension withdrawals such that her income (principally from property income) remains taxable at the basic rate.

- For the next five years, owing to property repair costs, she doesn't envisage earning any net property income and as such will be a nil rate taxpayer.
- Her intention for her pension monies had been that they would be held as an inheritance tax ('IHT') efficient investment available to her beneficiaries which would only be drawn upon by her in emergencies. Recent legislative changes, effective from 6 April 2027, mean that were she to die after that date then the planned approach in respect of using her pension plan as an IHT exempt transfer for her beneficiaries needs rethought.

As agreement couldn't be reached, the complaint has been passed to me for review.

I wrote to the parties and explained why I agreed with our investigator that Quai had caused some unnecessary delays. I also set out how I thought Quai should redress Mrs C for its failings.

No response has been received by Quai

It's been noted, amongst other things, on Mrs C's behalf, that:

- She is currently a non-taxpayer with £8,000 a year tax-free rental income and also interest income of £3,000 a year.
- Her State Pension won't be due until 2033.
- Her current marginal income tax rate is 0%, so there shouldn't be any deduction for income tax.
- The value of her personal pension provisions are currently around £380,000 and she hasn't taken any tax-free cash.

### **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.

When considering what's fair and reasonable in the circumstances, I need to take account of relevant law and regulations, regulator's rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time.

The parties to this complaint have provided detailed submissions to support their position and I'm grateful to them for doing so. I've considered these submissions in their entirety. However, I trust that they won't take the fact that my final decision focuses on what I consider to be the central issues as a discourtesy. To be clear, the purpose of this decision isn't to comment on every individual point or question the parties have made, rather it's to set out my findings and reasons for reaching them.

Where the evidence is incomplete, inconclusive, or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is more likely than not to have happened in light of the available evidence and the wider circumstances.

### **Delays**

As the parties are aware, Quai acquired IM's pension business on 28 May 2024.

As I understand it, Quai accepts that it first received a LoA request from Firm S (for Mrs C and her husband – Mr C) on 12 June 2024. Mrs C has explained that Quai took three weeks,

until 2 July 2024, to state it required new LoAs. And that new LoAs were then provided on 5 July 2024. I can see that our investigator referred to this delay in his findings on the complaint and that Quai hasn't disputed the accuracy of these dates. Our investigator thought that Quai should have identified the fact new LoAs would be needed within a week of 12 June 2024 and notified Firm S of this by 19 June 2024. I'm in agreement with this and I also think that, had Quai done this, it's more likely than not that new LoAs would then have been provided within a similar timeframe to the timeframe within which they were actually provided – so by 22 June 2024.

Quai has suggested that the standard service level agreement to respond to LoA requests is 30 days but that there were backlogs when it took over IM. I do recognise that Quai only acquired IM towards the end of May 2024 and I accept there may have been a significant backlog of work for Quai to catch up on following this. I also appreciate Mrs C has made some comments about third parties but this complaint is about Quai. Overall, in the specific circumstances of this complaint, and mindful of the extent and type of information that was asked for in the LoA/information request, I think if Quai had replied within a month to a valid LoA/information request I wouldn't have considered that unreasonable. Accordingly, in the counterfactual position I think Quai should have replied to Firm S' LoA for Mrs C by 22 July 2024 at the very latest.

Mrs C has explained Quai responded to Firm S' LoA/information request about her on 5 August 2024. She also highlights it didn't respond to Firm S' LoA/information request about her husband at the same time. Further, that as Quai still hadn't responded to Firm S' LoA request about her husband by mid-September then Firm S proceeded to give advice to both her and her husband on 11 October 2024.

The delay in Quai responding to Firm S' LoA request about Mr C has been raised as part of a separate complaint Mr C has with this Service. But with regards to Mrs C's position; Quai had responded to Firm S' LoA request about her on 5 August 2024 and Firm S didn't then proceed to give advice in respect of Mrs C's pension provisions until 11 October 2024. And I think it's more likely than not that even had Quai responded with information about Mrs C on 22 July 2024 rather than on 5 August 2024 that the position would have been the same.

Quai had done what it was expected to do in respect of providing information about Mrs C by 5 August 2024 and how to proceed following this was Mrs C's and Firm S' decision to make. However, I'm not in agreement that the delay in Quai responding to Firm S' LoA request about Mr C prevented Mrs C from being able to seek, receive and act upon advice in respect of her SIPP shortly after 5 August 2024. And, as this didn't happen, I don't think it's fair or reasonable for Quai to have to account to Mrs C for any losses that might have resulted from Mrs C not then receiving advice about the monies in her SIPP until 11 October 2024.

The corollary of this is that I don't think it's fair or reasonable to award Mrs C redress for any delays Quai might have caused prior to 11 October 2024.

As I understand it, Quai needed to receive a transfer request from the receiving scheme (here Provider B) before the transfer process could then start. The actual request Provider B made through the Origo system was on 21 October 2024.

The Transfers and Re-registrations Industry Group ('TRIG'), made up of various trade bodies, published a consultation in December 2016 aiming to improve service standards and competition so that consumers were more likely to move between products.

TRIG published final guidance in a June 2018 publication "*Industry-wide framework for improving transfers and re-registrations*". Participation is voluntary, although take up of the framework is encouraged by all the industry bodies involved. I consider that the TRIG

framework represents good industry practice and, as such, that it's a relevant consideration for me to take into account.

The TRIG guidance says that for a cash transfer the end-to-end time including bank clearing should be ten business days (15 if one of the parties is an occupational pension scheme), unless multiple counterparties are involved where the step-by-step standard can be used – whereby a firm has two full business days, plus the initial day of receipt, to complete each step. Stop the clock events can also take place, which allow extra time for parts of the transfer process to be completed.

With this in mind, I think in the counterfactual position that Quai should have instructed Provider F on 23 October 2024 that monies should be realised from the Provider F account and sent to it. Quai actually made that request to Provider F on 26 November 2024, and Provider F then transferred the bulk of the monies in the account to Quai on 16 December 2024 (which is 14 working days after 26 November 2024). So, in the counterfactual position I think it's fair and reasonable to assume that if Quai had requested the monies on 23 October 2024 that the monies would then have been received by Quai on 12 November 2024.

It's not clear whether monies from one investment I understand Mrs C held (which I believe was 'Investment R') would have been realisable, without additional delay, if Quai had given the instruction to disinvest on 23 October 2024. Or else whether a shareclass conversion (and accompanying trading restrictions) was already in place for the investment by that date, so I've allowed for either possibility in the redress I've set out later in this decision.

Having received the monies from Provider F on 16 December 2024, Quai then transferred them on to Provider B by way of several payments across 19 December 2024 and 20 December 2024 (so, on the third and fourth business day after Quai had received the monies from Provider F). It appears that Quai hadn't emailed Provider B to inform it the transfer had completed and also hadn't updated the Origo Transfer system to show the funds as having been sent (from which it would have been apparent to Provider B the transfer had completed). I think Quai should have updated the Origo Transfer system promptly after it sent the latest transfer on 20 December 2024, and I think it's failure to do so caused a small avoidable delay.

In terms of the counterfactual position, overall, and having regard to the TRIG framework, I think that but for Quai's delays the transfer of, at least, the bulk of the monies in this complaint would have completed around 18 November 2024.

I can see a sum of £1,112.72 was credited to Mrs C's Quai SIPP account on 6 January 2025. This appears to relate to monies that were sent to Quai from a Provider F investment(s) on 6 January 2025. I don't think it's unusual for modest sums, after a provider has checked to ensure all liabilities have been met and any overpayments have been allowed for, to follow on from a main transfer. It appears this sum was then sent on to Provider B by Quai at the same time (in February 2025) that it sent across other monies it had received from Provider F (which I understand related to Investment R). The transfer of the £1,112.72 took longer than I think it should have done, I think it should have been sent to Provider B within ten working days of Quai receiving it.

It's not clear whether the investment(s) the £1,112.72 sum relates to would have been realisable, without additional delay, if Quai had given the instruction to disinvest on 23 October 2024. Or else whether they would still have been paid across by Provider F after the bulk of the monies, so I've allowed for either possibility in the redress I've set out later in this decision.

I also think the residual amounts Quai received from Provider F in respect of Investment R should have been transferred to Provider B within ten working days of their being received by Quai on 11 February 2025, which they were.

### **The residual monies**

Regarding any residual monies that were invested in Investment R. As I understand it, the further delay in these monies being transferred was due to that investment, which was held in the Provider F account, going through a shareclass conversion. And this meant that monies couldn't be realised from that asset at the same time as monies were realised from other investments held.

Quai should write to both the provider/administrator of Investment R and also to Provider F promptly, on receipt of this final decision, to ask the date on which trading in Investment R was paused while the shareclass conversion was in process. Quai should also ask for clarification on what, if any, trading in the asset would have been possible between 12 November 2024 and the date that investment was actually realised in February 2025.

If trading was paused by 12 November 2024 and didn't start again until February 2025, then no loss has been suffered in respect of this investment as a result of any delays Quai caused (because in this scenario even if those delays hadn't occurred, I'm not satisfied the investment would then have been realised at a substantively earlier date than the date on which it actually was realised).

Alternatively, if monies in Investment R could have been realised and paid to Quai on 12 November 2024 (if Quai had instructed Provider F to disinvest on the earlier date of 23 October 2024). Then unnecessary delays Quai caused will have delayed monies from this investment being realised and transferred to Provider B. And, in this instance, I'm satisfied any monies that could have been realised from Investment R on 12 November 2024 should also form part of the overall loss calculation – I've explained how this should happen below.

### **Putting things right**

I think it's fair and reasonable for Quai to calculate fair compensation by comparing the current position to the position Mrs C would be in but for the unnecessary delays Quai caused in the transfer process. To do this, Quai must calculate and pay fair compensation as follows:

1. Quai must ascertain what the value of the monies it would have received from Provider F would have been, had:
  - a) Provider F disinvested and paid to Quai monies from all realisable investments in Mrs C's Provider F account on 12 November 2024.
  - b) Provider F disinvested and paid to Quai monies from any residual investments that couldn't be realised and paid to Quai on 12 November 2024, and at the earliest occasion such investments could have been realised after 12 November 2024 (so this might include, for example Investment R and the investment(s) the £1,112.72 related to).

To do this, in addition to asking the questions I've set out in "*The residual monies*" section above, Quai will also need to ask Provider F what sums would have been realised from the Provider F account on 12 November 2024 – and assuming Quai had given Provider F an instruction on 23 October 2024 to fully disinvest and close the Provider F account. If Provider F isn't able to provide Quai with a response to this question in a timely fashion then – in the alternative – Quai can have regard to the

performance of the underlying investments Mrs C held in the Provider F account, and manually calculate the sum that would have been paid to it on 12 November 2024. If this alternative also isn't possible, for example if Quai is unable to access information about the performance of individual investments it would need to perform the manual calculation accurately – as a final option – Quai should instead proceed by using the sums that were actually realised and paid to Quai by Provider F.

2. Quai must ask Provider B to confirm what the value of Mrs C's Provider B plan is as at the date of this final decision.
3. Quai must ask Provider B to calculate what the notional value of Mrs C's Provider B plan would have been – as at the date of this final decision – if, instead of the sums Quai actually transferred to Provider B, Quai had instead transferred monies into Mrs C's Provider B plan as follows:
  - Any sums calculated in Step 1 a) (and Quai will have to inform Provider B of what these sums would have been in monetary terms) and these sums, along with any other liquid sums in Mrs C's SIPP that weren't needed to meet any outstanding liabilities, would have been credited to Mrs C's Provider B plan on 18 November 2024.
  - Any sums calculated in Step 1 b) and these sums would have been credited to Mrs C's Provider B plan on the earlier of ten business days after they would have been paid to Quai or 14 February 2025 (and Quai will have to inform Provider B both what these sums would have been in monetary terms and the exact date they would have been credited to the Provider B plan).

Quai must ask Provider B to assume that the payments noted above in this Step would have been invested in the same holdings (just at an earlier date), and in the same proportions, as the investments that were actually made with the monies Quai transferred to Provider B for Mrs C.

Quai must also ask Provider B to make an allowance in this notional calculation, for any additional sums Mrs C has actually contributed to (including transfers in), or withdrawn from, her Provider B plan since outset (this is to balance the calculation as it wouldn't be fair or reasonable for the value in Step 2 to be impacted by any such contributions or withdrawals if the same wasn't also then true for this notional calculation in Step 3).

Any notional contributions or notional withdrawals to be allowed for in the calculation should be deemed to have occurred on the date on which monies were actually credited to, or withdrawn from, Mrs C's Provider B plan.

If Provider B charges a fee for performing this notional calculation then Quai, rather than Mrs C, will need to meet the costs of this.

4. *Deduct the sum arrived at in Step 2 from the sum arrived at in Step 3.*

The total sum calculated in Step 3 minus the sum arrived at in Step 2, is the loss to Mrs C's pension. If the total sum in Step 2 is greater than the sum in Step 3 no loss has been suffered.

5. *Pay an amount into a pension arrangement for Mrs C, so that the transfer value of that pension arrangement is increased by an amount equal to the loss calculated in Step 4. This payment should take account of any available tax relief and the effect of charges. The payment should also take account of interest as set out below.*

The amount paid should allow for the effect of charges and any available tax relief. Compensation shouldn't be paid into a pension plan if it would conflict with any existing protections or allowances.

If Quai is unable to pay the compensation into a pension arrangement for Mrs C, or if doing so would give rise to protection or allowance issues, it should instead 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.

The notional allowance should be calculated using Mrs C's expected marginal rate of tax in retirement.

It's previously been submitted by Mrs C that she has managed/controlled "*pension withdrawals such that my income (principally from property income) remains taxable at the basic rate. For the next 5 years, owing to property repair costs, I do not envisage earning any net property income and as such I will be a nil rate taxpayer.*" It's also been confirmed Mrs C is currently a nil rate taxpayer with £8,000 tax-free rental income from land, and interest income of around £3,000 a year. In addition to this, it's been explained that Mrs C has personal pension funds currently worth around £380,000 and her State Pension won't be due until 2033.

Ascertaining Mrs C's *overall* tax position in retirement is, of course, not an exact science. I acknowledge that, depending on how Mrs C elects to take her income in retirement, the level of income taken may vary from year to year. However, for the purposes of calculating fair compensation in this case, an assumption has to be made and given that this will be a one-off calculation this assumption has to cover Mrs C's *overall* tax position in retirement and not just her marginal tax rate this year. And I'm satisfied in reaching a fair assessment of Mrs C's likely *overall* tax position in retirement, it's appropriate to have regard to, amongst other things, the tax-free personal allowance, what Mrs C has said about not envisaging earning any net property income for the next five years and the value of her overall personal pension provisions. In addition to this it's also been indicated Mrs C will receive some State Pension from 2033.

So, when considering Mrs C's *overall* tax position in her retirement, and mindful of the information that we've been provided about Mrs C, I still think that the assumption Mrs C will likely be a basic rate taxpayer in retirement in relation to income from the pension arrangements this complaint concerns is a reasonable one.

As I think it's reasonable to assume that Mrs C is likely to be a basic rate taxpayer in retirement, the applicable reduction if compensation is paid to her directly would equal 20%. However, if Mrs C would have been able to take a tax-free lump sum (and I note Mrs C has previously said this complaint concerns uncrystallised monies from which she hasn't yet taken tax-free cash), the reduction should only be applied to that portion of the compensation that couldn't have been taken as a tax-free lump sum. For example, if Mrs C would have been able to take a tax-free lump sum of 25%, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.

It's important to note that this reduction is to *notionally* allow for any income tax that would have otherwise been payable had the monies provided a taxable income to Mrs C later in retirement. This approach – known as the "*Gourley principle*" after the

1956 House of Lords case (British Transport Commission v Gourley) – helps to inform the approach I've taken in terms of the *notional* tax deduction.

I've also had regard to the comments Mrs C has made about having previously intended to use the pension monies this complaint concerns in an inheritance tax efficient manner to make provision for her beneficiaries. But, as Mrs C has noted in her submissions, changes in the rules which come into effect in April 2027 mean, as things stand, these pension monies will now form part of her estate from April 2027 onwards. So, what Mrs C has said about this doesn't change my view in respect of the appropriate deduction for *notional* income tax if compensation is paid direct.

### **Interest**

Any compensation resulting from the calculations I've set out above must be paid to Mrs C within 28 days of the date Quai receives notification of Mrs C's acceptance of my final decision. Interest must also be added to the compensation amount at the rate of 8% per year simple from the date of my final decision to the date of settlement if the compensation isn't paid within 28 days.

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

### **Distress and inconvenience**

*Pay Mrs C £250 for the distress and inconvenience Quai's delays have caused her.*

In addition to any financial loss that Mrs C might have suffered as a result of the delays Quai is responsible for, I think that those delays also caused Mrs C some distress and inconvenience. And I think that it's fair for Quai to compensate her for this as well. Quai has offered £250 compensation for this. It doesn't appear to be the case that Mrs C was caused any financial hardship by the delays but I am satisfied the delays did cause her some inconvenience. Overall, I remain satisfied a distress and inconvenience payment of £250 is appropriate in this complaint.

Quai must also provide the details of its redress calculation to Mrs C in a clear, simple format.

### **My final decision**

For the reasons given above, it's my final decision that Mrs C's complaint should be upheld and that Quai Investment Services Limited must calculate and pay fair redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 28 April 2026.

Alex Mann  
**Ombudsman**