complaint

Mr J has complained to Suffolk Life Pensions Limited about the delay in transferring his Self-Invested Personal Pension (SIPP). He's also unhappy he's been charged an annual fee and drawdown fee.

background

Mr J has a SIPP with a provider (from herein referred to as E) and all the investments within the SIPP were held with an investment management firm (from herein referred to as IB). E was placed in special administration by the Financial Conduct Authorty and in July 2016 Suffolk Life acquired E and all of its customer's plans.

After a review, Suffolk Life determined that E's systems and administration function weren't sufficient for it to fulfil its responsibilities as the operator and trustee of the scheme. So Suffolk Life made the decision to wind up all E's schemes and dissolve the business. Suffolk Life wrote to all affected customers in November 2016 to advise them of its decision. It explained that it was transferring all affected customers from E to a MasterSIPP with Suffolk Life.

This letter also set out the options that were available to customers; one of those being for customers to transfer to an alternative SIPP provider, without incurring any transfer out costs. Suffolk Life also made its customers, including Mr J, aware that the original SIPPs would be transferred to the MasterSIPP first – even if they decided to transfer to an alternative provider.

Mr J made an enquiry at this point as to whether the arrangement that had previously existed between E and IB would continue if the SIPP was transferred to Suffolk Life. Suffolk Life confirmed that as IB were not e-affiliates, additional charges would be levied. Mr J therefore made the decision to move his SIPP to another provider (from herein referred to as CP). Suffolk Life was made aware of Mr J's decision in December 2016. Mr J then established a SIPP with a CP. However, the transfer didn't complete until November 2017.

Mr J complained to Suffolk Life about the delays in the transfer completing. He also complained about fees taken from his SIPP in October 2016.

In its final response to the complaint, issued in May 2017, Suffolk Life said that it didn't think it had done anything wrong. It explained why the transfer was taking so long to complete and the reason why it wouldn't be refunding the fees taken in October 2016.

Mr J remained unhappy to so he referred the matter to our service for an independent review.

Our investigator wrote to Suffolk Life to ask for its file. When Suffolk Life responded, it reiterated that it didn't think it had done anything wrong and its position was as set out in its final response. But it did acknowledge that there'd been a drop in service between July and August 2017 and for this it offered Mr J £200.

Our investigator reviewed the complaint. She explained that in terms of the delay, she wasn't going to ask Suffolk Life to do any more. She felt that Suffolk Life had explained in its letters that that before the transfer could complete, an account with IB would have to be established in the name of Suffolk Life. And she felt that Suffolk Life's offer of £200 to reflect the drop in service in July and August 2017, was fair.

With regards to the fees, the investigator thought that these had been charged in accordance with the terms and conditions of Mr J's plan with E. So she didn't think they'd been charged unfairly.

Mr J disagreed with the investigator's opinion. In summary he's said:

- All the necessary transfer paperwork was completed in December 2016, the transfer was held up as Suffolk Life wanted to move all of E's SIPP accounts to Suffolk Life. And then it had to transfer the IB account (with E as the administrator) to another IB account (with Suffolk Life as the administrator). The delay emanated from the erroneous decisions Suffolk Life made and it totally underestimated the amount of time it would take.

- When Mr J asked IB whether the transfer could have gone directly from E's account to CP, IB confirmed this would have been quicker. And if they had taken this route, the transfer would have been completed by January 2017 at the latest; not November 2017.

- The charge of £250 + VAT for SIPP services from October 2016 – 2017, was levied for providing all SIPP services for the next 12 months from October 2016. But Suffolk Life was in no position to provide the service Mr J had signed up to with E so he shouldn't have to pay this fee. Suffolk Life took over E in August 2016 and therefore in October 2016 were both one and same entity so by levying the charge in October 2016, Suffolk Life were undertaking the contractual relationship to provide the services; it was not a legacy issue.

The complaint has been referred to me to decide.

my findings

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 agree with the outcome the investigator reached, and for mostly the same reasons. I'll explain why.

<u>Delay in the transfer completing</u>

After Suffolk Life acquired E, it took the decision to wind up the various pension schemes E held. It did this because it didn't deem E's administrative functions to be sufficient. This meant that it became necessary to arrange for the transfer of 4,500 customers' plans from E to Suffolk Life and this involved numerous different investment providers.

I appreciate that Mr J has said that IB advised him that it would've been possible for the IB account to be transferred directly from E to CP, and that this may well have been quicker. But it's my understanding that E could only complete direct transfers up to early December 2016 and Mr J's completed transfer forms weren't received until after this date.

After the start of December, the schemes had to be transferred to Suffolk Life first. And if this wasn't done, it wouldn't have been possible for Suffolk Life to reconcile the pension fund.

In my view this could've left Mr J open to various risks. For example, he might not have received the correct transfer value, and he may have lost any special tax protection he may have had under the SIPP. For these reasons, I don't think it was unreasonable that Suffolk Life deemed it necessary to affect a transfer/re-registration of assets to the Suffolk Life Master SIPP. This then enabled it to complete a detailed file review to ensure that the pension fund was correctly reflected in its records.

Suffolk Life has said that it initiated discussions with IB in November 2016 for the 60 or so clients it had that held accounts with IB. But unlike some of the other investment firms Suffolk Life was dealing with at that time, IB wouldn't allow the existing E accounts to be renamed/re-registered to Suffolk Life. It required a new account be established in Suffolk Life's name and then for the movement of the investments into the new account.

Suffolk Life's compliance department became involved in order to try and streamline this process. But ultimately IB insisted that its usual procedure was followed. Therefore in May 2017, Suffolk Life wrote out to Mr J to ask him to contact IB to set up a new account in Suffolk Life's name.

I do agree there was a delay here (between January and May) while Suffolk Life and IB tried to reach an agreement. But I'm conscious that Suffolk Life was quick to initiate discussions with IB in November 2016. And I've already said that I don't think it was unreasonable that Mr J's SIPP with E was transferred to Suffolk Life before it could be transferred to CP. Therefore it seems the discussions between IB and Suffolk Life were necessary in order to determine how these transfers would be completed. So I won't be asking Suffolk Life to pay any compensation for the delay up to May.

After Suffolk Life wrote out to Mr J in May 2017, it was unable to take an action with regards to the transfer until it heard back from IB that the new account had been set up in Suffolk Life's name and the assets transferred. Suffolk Life received this confirmation at the end of July 2017. It then prioritised Mr J's file review and this was completed two days later. At this point Suffolk Life acknowledges that there was a drop in service as it failed to request confirmation the investment were acceptable until 16 August 2017. And after this was received on, it didn't issue formal instructions to transfer until 27 September 2017. The transfer completed in November 2017.

Suffolk Life acknowledged that the delay during this period is outside of its normal service levels and it offered Mr J £200 for the inconvenience caused. Having thought carefully about this, I think this amount is fair and is in the region of what I would have awarded, had this offer not already been available to Mr J. So I won't be asking Suffolk life to increase this award.

<u>Account fees</u>

Mr J also raised concerns regarding some of the fees deducted by Suffolk Life since it took over the SIPP from E. In particular, he's disputing the £250 fee taken in October 2016 for account administration. And a £150 drawdown down fee that he believes he'd already paid in June 2016.

In terms of the account administration fee, the investigator has already explained that this was the annual fee due in October 2016. I do appreciate that Mr J opted to transfer his SIPP to another provider but this decision was made after this fee was paid. And the terms and conditions state that this fee is payable annually in advance and that it's not refundable if the SIPP is transferred to another pension provider.

It's also my understanding that Suffolk Life did initially advise Mr J that the IB account would have different charges to the ones in place with E. But it subsequently confirmed that the additional charges wouldn't apply. However, Mr J decided he wanted to continue with the transfer to CP. As it was Mr J's decision to continue transfer and this was made after the annual fee had been paid, I think the fee was applied fairly and I'm not asking Suffolk Life to refund this.

Suffolk Life has explained that after E went into special administration, its ability to take fees was blocked. So, at the point that Suffolk Life took over, some fees were outstanding and these debts were passed from E to Suffolk Life. So the £150 drawdown fee related to an outstanding drawdown designation fee from July 2016. I think Suffolk Life was entitled to charge this fee as the funds had been drawn. I don't agree with Mr J's comments that he's paid this fee twice. The fee he paid in June 2016 was the annual drawdown fee. This is an annual payment that's levied once the plan enters drawdown so its different to the drawn down designation fee.

I'm sorry to disappoint Mr J but I'm not upholding his complaint. In summary, although there were delays in the transfer completing, I don't think it was unreasonable that Suffolk Life made the decision to transfer all of E SIPPs to the Suffolk Life Master SIPP. And I think the £200 offered for the drop in service after the new IB account was set up, is fair. I'm also satisfied the disputed fees have been correctly applied so I'm not asking Suffolk Life to refund these.

my final decision

My decision is that I uphold this complaint, in part, in the sense that Suffolk Life Pensions Limited need not do more than it offered after the complaint was referred to this service. I leave it to Mr J to decide if he wishes to accept the £200 offered for the drop in service between July and September 2017.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 30 April 2018.

Lorna Goulding
ombudsman