

complaint

Mr M complains that Scottish Equitable Plc delayed transferring his pension to a self invested personal pension (SIPP). He says this caused him an investment loss.

background

In March 2012, Mr M's financial adviser, P, asked Scottish Equitable for retirement quotations for Mr M. These then gave a number of options including taking income now or later and annuity options A or B.

In April 2012, P returned a retirement instruction. Its covering letter said, *"Please note that no pension income is required and that Mr [M] wants only to take his tax free lump sum."*

Scottish Equitable told Mr M it was unable to settle the claim. It had not got all the necessary documents. It asked Mr M for proof of identity and to select an option from the quotation.

Mr M sent a copy of his passport. And chose option B. This gave tax-free cash with a pension. But he wrote next to the option that he wanted maximum tax-free cash and "nil pension".

In May 2012 Scottish Equitable sent Mr M a benefit statement. This showed a lump sum and an annual pension. P telephoned Scottish Equitable. It said that Mr M didn't want a pension. He wanted to move to drawdown instead. P also said that Scottish Equitable had excluded it from the process. This had led to the wrong settlement.

Scottish Equitable said that it had acted on Mr M's instructions and was not required to contact P. But it then agreed that it should have done so. And it resettled the plan. This was completed by September 2012.

Mr M complained to Scottish Equitable in October 2012. And he transferred his fund to a different provider.

Our adjudicator said:

- Mr M and P did not send Scottish Equitable the correct documents to start a drawdown plan. But they had both made it clear that Mr M didn't want to take a pension;
- It was not reasonable for Scottish Equitable to have gone ahead without clarifying the instructions. If it had done so it would have avoided the delays and potential loss;
- Scottish Equitable had backdated the investment to 11 May 2012, when the drawdown plan was started. The fund growth achieved was that of the fund selected. So the adjudicator concluded that no further redress was needed for loss of investment return;
- The adjudicator felt that P was partly responsible for some of the delays. But he said that Scottish Equitable had several opportunities to prevent those delays. He said Scottish Equitable should pay Mr M £350 for the delays and his distress.

Mr M did not agree. He said:

- The lump sum was “missing in action” during the period from May – end September 2012. This was because it was necessary to return the money so the entire process could be restarted. He had lost out on the opportunity to benefit from a rising stock market during this time;
- Although P had used the wrong form, Scottish Equitable should have queried that with P. If it had done so it would have avoided the later problems.

Scottish Equitable also disagreed. It said:

- it was not sure why the adjudicator had awarded £350 for trouble and upset; and
- querying instructions would not have meant the drawdown plan would have been set up any sooner.

The matter has been referred to me for a final decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

In my view, the main cause of the delay was the submission of incorrect forms with unclear instructions. I agree with the adjudicator that Scottish Equitable should not have settled the benefits without first clarifying its instructions. But it has acted fairly by resettling the plan with backdated growth.

Mr M says that he has a financial loss as he was unable to benefit from the rising stockmarket between May – September 2012. He says this was because the lump sum had to be returned to Scottish Equitable in order to resettle the benefits.

I am not persuaded I can fairly hold Scottish Equitable responsible for the delay in transferring the plan to drawdown and onto his new provider. It took some time for Mr M to make arrangements to return the money paid to him and for P to send the paperwork to Scottish Equitable.

But I accept that Mr M has been caused trouble and upset. A payment of £350 is fair and reasonable.

my final decision

I uphold this complaint. I order Scottish Equitable plc to pay Mr M £350.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr M to accept or reject my decision before 9 November 2015.

Alison Cribbs
ombudsman