

Ombudsman's Determination

Applicant	Mr N
Scheme	Kellogg Brown & Root UK Limited Pension Plan (the Scheme)
Respondent	Mercer Limited (the Administrator)

Outcome

1. I do not uphold Mr N's complaint, and no action is required by the Administrator.

Complaint summary

2. Mr N's complaint concerned the transfer of his Scheme benefits to Royal London. He complained that the Administrator failed to check his transfer pack when it was received on 21 February 2020, so it did not see that his personal pension declaration (**PPD**) was missing.
3. Mr N said that the Administrator misled Royal London in a telephone conversation on 9 March 2020 because it did not tell Royal London that his PPD was missing. Mr N said this led him and his independent financial adviser (**IFA**) to believe that the transfer was proceeding satisfactorily.

Background information, including submissions from the parties

4. The sequence of events is not in dispute, so I have only set out the salient points.
5. On 8 August 2019, the Administrator sent Mr N an active fund value before he left the Scheme.
6. On 30 September 2019, Mr N retired. He decided to transfer his Scheme benefits to Royal London because the Scheme did not offer him a flexible access drawdown facility.
7. On 3 October 2019, Mr N's IFA requested an illustration of a cash equivalent transfer value (**CETV**) from the Administrator.
8. On 7 November 2019, Mr N's IFA received the CETV illustration. The transfer pack covering letter referred the reader to a website which set out the documentation

required to complete a transfer. This included a customer's need to download, complete, and return a PPD in their completed transfer pack to the Administrator.

9. On 21 February 2020, Mr N's completed transfer pack was hand delivered to the Administrator's offices. However, the transfer pack did not include a completed PPD.
10. On 24 February 2020, the Administrator put Mr N's completed transfer pack into its administration department's workflow for its staff to process.
11. On 9 March 2020, Royal London spoke to the Administrator, who mistakenly told it that it had received all the necessary transfer documentation to complete Mr N's transfer.
12. On 19 March 2020, the Administrator's electronic ID check highlighted that it had not received Mr N's PPD.
13. On 23 March 2020, the Administrator sent an email to Royal London to request Mr N's completed PPD.
14. On 26 March 2020, Mr N and his IFA complained to the Administrator about the time the Administrator was taking to complete the transfer. Mr N was concerned about the possibility that he might receive a lower fund value due to the market volatility caused by the Coronavirus pandemic. Mr N said that Aegon (one of his other pension providers) had received a transfer application from him on 21 February 2020 and it had completed the transfer on 24 February 2020.
15. On 7 April 2020, the Administrator received a letter from Royal London, dated 31 March 2020, which enclosed Mr N's completed PPD. On the same day, it requested the disinvestment of his funds.
16. On 15 April 2020, the Administrator disinvested Mr N's funds in the Scheme.
17. On 17 April 2020, the transfer took place and the Administrator sent £281,674 to Royal London.
18. On 21 April 2020, in response to the complaint made against it, the Administrator said:-
 - It apologised for not telling Royal London in the 9 March 2020 telephone call that it had not received Mr N's PPD.
 - Once its electronic ID check showed it had not received Mr N's PPD on 21 March 2020, it requested it from him.
 - It received Mr N's completed PPD form on 7 April 2020 and, on the same day, it initiated the disinvestment process.
 - It said in its transfer quotation that if a member needed to provide further information, or documentation, this would delay the member's disinvestment of funds.

- The Scheme was a defined contribution arrangement, and the transfer value paid to the receiving scheme's administrator was the value of the disinvested units at the date the investment manager acted on the received instructions.
19. On 24 April 2020, Mr N and his IFA complained to the Administrator again:-
- They remained disappointed with its service and its failure to tell Royal London that it had not received Mr N's PPD in the 9 March 2020 telephone call.
 - The Administrator should have checked Mr N's transfer papers and processed his transfer by the end of the week following the 9 March 2020 telephone call.
 - They queried whether it was coincidental that the Administrator sent its 23 March 2020 PPD request letter to Mr N after Royal London had telephoned it on 20 March 2020.
 - It was industry practice if a fund value had dropped by more than five percent to ask a plan holder if they wanted to go ahead with a transfer, however, the Administrator had not contacted Mr N to obtain his confirmation that he still wished to transfer his plan.
20. On 1 May 2020, the Administrator sent its response to the complaint. It repeated its earlier response and stated that the 20 March 2020 telephone conversation had not caused its 23 March 2020 PPD request to Mr N. It acknowledged that if it had told Royal London that the PPD was missing in the 9 March 2020 telephone call, the disinvestment could have happened earlier on 24 March 2020. It could have then paid the transfer on 1 April 2020. However, it would have been for a lower amount of £272,630.77.
21. On 5 May 2020, Mr N and his IFA wrote to the Administrator again about the transfer. They repeated the complaint points they had made before and asked why a PPD was not in the original transfer pack.
22. On 19 May 2020, the Administrator wrote to Mr N and his IFA to advise them that it loaded all cases onto its workflow system, and it allocated a given number of working days in line with an agreement between it and the Trustee of the Scheme. It then said, in summary: -
- When it received post, it reactivated a case, and it dealt with the same type of cases in date order.
 - It started Mr N's electronic identity check on 19 March 2020, and it was this check that prompted its reminder to him that he had to provide a completed PPD for the Administrator to fulfil its legal requirements.
 - The transfer pack it issued to Mr N contained the transfer statement and application to proceed form. In addition, on page 4 of the transfer pack covering letter, entitled "Next Steps", it confirmed that should the member wish to proceed, they had to go to their website for instructions and download all the forms needed.

The website provided a step-by-step guide on the documentation required, firstly from the member, and then from the receiving scheme.

- Its website showed the PPD as a downloadable document along with confirmation that the receiving scheme would also need to provide evidence of its HMRC registration. The website also stated that a transfer would not be progressed without those original documents.
 - Before he left the Scheme, it sent Mr N a letter on 8 August 2019 which showed his active fund value.
 - Once the Scheme confirmed Mr N's leaver benefits, it sent him a transfer pack (along with a retirement quotation) in its 7 November 2019 email. This included the covering letter previously mentioned (entitled Transfer Cover Letter.pdf on the 7 November 2019 email).
 - Mr N and the IFA believed that the Administrator should have settled his transfer on 21 February 2020, but, as it had explained before, this would not have been possible due to the fact that Mr N and the IFA had not yet provided all the requested documentation, meaning his PPD.
 - While it was Mr N and his IFA's job to provide the requested documentation in a timely manner, it acknowledged that had it explained there was missing documentation during the 9 March 2020 Royal London telephone call, then it would have completed the transfer sooner.
 - Based on Mr N and the IFA's comments, and its own service level agreements (**SLA**), it believed that 1 April 2020 was the earliest the transfer could have completed.
 - As it confirmed in its last correspondence, if it had completed the transfer on the 1 April 2020, then the transfer value would have been £9,043.85 lower than the final amount that it did transfer to the receiving scheme, Royal London.
 - For these reasons, it did not believe it was responsible for Mr N's transfer not completing sooner than 1st April 2020. The delay was due to Mr N and his IFA not returning all the requested documentation sooner.
23. Mr N subsequently argued that if his transfer had taken place on 21 February 2020, the value would have been £311,232 instead of the £281,674 that the Administrator actually transferred to Royal London.
24. Mr N submitted a complaint under the Scheme's Internal Dispute Resolution Procedure (**IDRP**). The Trustee of the Scheme did not uphold the complaint at either stage of the Scheme's IDR. However, it awarded Mr N £500 for the distress and inconvenience he suffered due to the Administrator's delays in checking his documentation and in responding to his queries.

25. Following the complaint being referred to The Pensions Ombudsman (**TPO**), Mr N and the Administrator made further submissions that have been summarised below.

26. **Summary of Mr N's position:-**

- The Administrator caused him a financial loss because it delayed the transfer of his Scheme benefits to Royal London.
- The Administrator did not check his completed transfer pack when it received it on 21 February 2020, so it did not see that he had not returned a completed PPD. It mis-led Royal London in a telephone conversation on 9 March 2020 because it mistakenly said it had all the completed transfer paperwork.
- The Administrator had not complied with the Financial Conduct Authority (**FCA**)'s Treating Customers Fairly (**TCF**) outcome points three and six:

"Outcome three: Customers are provided with clear information and are kept appropriately informed before, during and after the point of sale" and

"Outcome six: Customers do not face unreasonable post-sale barriers when they want to change a product, switch providers, submit a claim or make a complaint."

27. **Summary of the Administrator's position:-**

- It addressed all aspects of Mr N's complaint under the IDRPs, and it agreed with the conclusions that the Trustee of the Scheme came to under this process.
- It was not responsible for Mr N's transfer not completing sooner than 1 April 2020. Mr N and his IFA caused the transfer delay by not returning all the requested documentation.

Adjudicator's Opinion

28. Mr N's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Administrator. The Adjudicator's findings are summarised below:-

- It would be reasonable to expect a scheme member and their IFA to check what documentation was required to complete a transfer and to then ensure they had fully completed the transfer paperwork. It was Mr N and his IFA's responsibility to submit to the Administrator all the required paperwork, including a PPD.
- Mr N's comparison of the transfer with another transfer he made where the receiving scheme was also an Origo Options member was not necessarily relevant. This was because Mr N's transfer to Royal London involved a defined contribution occupational pension scheme, rather than a personal pension which can be quicker to transfer.

- The Adjudicator did not consider Mr N's suggested transfer date of 28 February 2020 was realistic given that his PPD was missing at that time.
 - The Administrator completed Mr N's transfer in just over two months which was reasonable and did not amount to maladministration, as it was well within the statutory six months transfer deadline.
 - The Adjudicator considered that market volatility due to the Coronavirus pandemic caused the drop in Mr N's transfer value rather than the Administrator's maladministration.
 - In the Adjudicator's view, the Administrator's award of £500 to Mr N for the distress and inconvenience it caused by its delays in checking his transfer documentation and in responding to his queries was reasonable, and in line with what the Ombudsman might award for significant non-financial injustice.
29. Mr N did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider. Mr N provided further comments which do not change the outcome.
30. In summary, Mr N said he found it hard to believe that TPO thought that up to six months was an acceptable timescale for a transfer. He said, that while the timing of the transfer during February 2020 and March 2020 was a contributory factor to the level of the transfer value, the Administrator's avoidable delays in the last quarter of 2019 also impacted it.
31. I note the additional points made by Mr N, but I agree with the Adjudicator's Opinion.

Ombudsman's decision

32. Mr N said that the Administrator caused him a financial loss because it delayed his transfer. He said it should have checked his transfer documentation immediately upon its receipt and seen that he had not returned a PPD. However, the Administrator told Royal London in a telephone conversation on 9 March 2020 that it had all the necessary documentation which led him and his IFA to believe his transfer could proceed satisfactorily.
33. The Occupational Pension Schemes (Transfer Values) Regulations 1996 (**the Regulations**), set out that the statutory time limits for a transfer quotation to be provided in a Defined Contribution (**DC**) scheme is within three months of the transfer request. The relevant Regulation is set out in the Appendix. The Administrator provided an illustration of a CETV to Mr N within three months of his request, so I find there was no undue delay in this respect.
34. The Pension Schemes Act 1993 requires that a pension provider must complete a transfer within six months of a valid request by the member. In many cases, where it is a straightforward transfer, it should be completed within a shorter time period. The Administrator has acknowledged that it did not immediately check Mr N's documentation upon receipt to ensure it had all the required paperwork, including a

PPD, and that it incorrectly told Royal London that it had all the paperwork during a 9 March 2020 telephone conversation.

35. While these oversights were unfortunate, the Administrator then completed Mr N's transfer within a reasonable period of time of just over two months. The transfer of a pension requires different administrative stages where oversight and human error sometimes do unfortunately occur. I find that the time taken by the Administrator to complete Mr N's transfer was reasonable.
36. I consider it is likely that the transfer might have completed sooner had Mr N or his IFA returned all the necessary paperwork to the Administrator on 21 February 2020. It is a member's responsibility to ensure that they submit the correct transfer paperwork to an administrator to facilitate a transfer. The Administrator's covering letter contained a section entitled "Next Steps," which referred the member to its website where they could download the necessary forms for completion and return. It is unfortunate that neither Mr N nor his IFA downloaded a PPD and completed and returned it to the Administrator with the other paperwork on 21 February 2020. I consider that the transfer pack and its covering letter explained what steps Mr N had to undertake to proceed with his transfer.
37. I acknowledge Mr N's disappointment that his transfer value was lower than he had expected. However, I find that market volatility caused by the Coronavirus pandemic was the fundamental reason for the reduced transfer value rather than the Administrator's progression of the transfer. I agree with the Administrator that 1 April 2020 was likely the earliest date that Mr N's Scheme benefits could have been transferred.
38. I find that Mr N was provided with clear information and the Administrator kept him appropriately informed about the progress of his transfer.
39. The Administrator has acknowledged and apologised for the delays in checking Mr N's documentation and responding to his queries and awarded Mr N £500. I find that this is adequate in the circumstances.

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40. I do not uphold Mr N's complaint, and no further action is required by the Administrator. Mr N should now contact the Trustee if he wishes to accept its offer of £500 in respect of the distress and inconvenience, he has suffered.

Dominic Harris

Pensions Ombudsman

25 November 2024

Appendix

Occupational Pension Schemes (Transfer Values) Regulations 1996

Regulation 11 Disclosure

(1) Subject to paragraphs (1A) and (1B), a member to whom paragraph (1C) applies is entitled to receive from the trustees, on request, the information mentioned on Schedule 1 in writing.

(1A) Paragraph (1) does not apply where the request is made within 12 months of the last occasion that such information was provided to the member.

(1B) Information provided under paragraph (1) is to be provided by the trustees as soon as reasonably practicable, and in any event within three months after the date that the member makes the request.

(1C) This paragraph applies—

(a) to a member who is currently accruing rights to one of the categories of benefits; and

(b) to a member who is no longer accruing rights to money purchase benefits unless, in respect of those benefits, a crystallisation event under section 93(7) has occurred.

Pension Schemes Act 1993

Section 99 (2) - (2ZA)

Trustees' duties after exercise of option

- (1) Where —
- (a) a member has exercised the option conferred by section 95; and
 - (b) the trustees or managers of the scheme have done what is needed to carry out what the member requires,
- the trustees or managers shall be discharged from any obligation to provide benefits to which the cash equivalent related except, in such cases as are mentioned in section 96(2), to the extent that an obligation to provide such guaranteed minimum pensions . . . continues to subsist.
- (2) Subject to the following provisions of this section, if the trustees or managers of a scheme receive an application under section 95, they must do what is needed to carry out what the member requires—
- (a) in the case of an application that relates to benefits other than money purchase benefits, within 6 months beginning with the guarantee date shown in the relevant statement of entitlement, . . .
 - (b) in the case of an application that relates to money purchase benefits [other than collective money purchase benefits], within 6 months beginning with the date of the application, and
 - (c) in the case of an application which relates to money purchase benefits that are collective money purchase benefits, within 6 months beginning with the date of the application or such longer period beginning with that date as may be prescribed.
- (2ZA) Subsection (2) does not apply if the trustees or managers have been unable to carry out what the member requires because a condition prescribed by regulations under section 95(6ZA) has not been satisfied.

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