

## Ombudsman's Determination

Applicant	Mr Y
Scheme	Vanguard Self Invested Personal Pension ( <b>the SIPP</b> )
Respondents	Vanguard Asset Management Limited ( <b>Vanguard</b> ) Aviva Life and Pensions UK Ltd ( <b>Aviva</b> )

## Outcome

1. I do not uphold Mr Y's complaint and no further action is required by Vanguard or Aviva.

## Complaint summary

2. Mr Y complained that he suffered a significant delay in transferring the funds in a personal pension he held with Aviva to the SIPP with Vanguard. As a result, he has suffered financial loss and wants to be compensated.

## Background information, including submissions from the parties

3. The sequence of events is not in dispute, so I have only set out the salient points. I acknowledge there were other exchanges of information between all the parties.
4. On 15 October 2020, Mr Y requested a transfer of his personal pension funds from Aviva to Vanguard through Origo Options (**Origo**). There was an investment order linked to the transfer.
5. On 26 October 2020, Aviva notified Vanguard via Origo that a cash payment had been sent by BACS transfer. The notification confirmed a payment of £171,391.46 with the reference VG101153.
6. On 27 October 2020, Aviva wrote to Mr Y to inform him that the outgoing transfer had been sent, via Origo, to Vanguard. It explained that the amount of £171,453.12 included £61.66 interest for the period 15 October 2020 to 26 October 2020.
7. On 30 October 2020, Mr Y telephoned Vanguard to ask why the transfer had not been received as scheduled. Vanguard informed Mr Y that the money had not been paid to his SIPP account as it had not received a payment with the reference number

VG101153. It also confirmed to Mr Y that a BACS transfer could take up to 5 working days. At this point, Mr Y asked Vanguard about the ability to change or cancel one of his requested trades.

8. On 2 November 2020, the following events took place:-

- Mr Y telephoned Vanguard to ask why the transfer payment was not showing in his account.
- Vanguard informed Mr Y that it had not made payment into the SIPP as the amount did not match what they had expected to receive through Origo and there was a difference of £61.66.
- Vanguard contacted Aviva via Origo to confirm the amount it had sent.

9. On 3 November 2020, the following events took place:-

- Aviva responded to Vanguard via Origo to confirm the correct transfer value as £171,453.12.
- Vanguard telephoned Mr Y to inform him that it had received the confirmation and that the money had been applied to his SIPP account.
- Mr Y raised a complaint with Vanguard. He said the service he had been provided was unsatisfactory and that Vanguard should have transferred his funds by 30 October 2020 but failed to do so. He said that as a result of the delay he had now lost thousands of pounds.
- Mr Y requested to cancel the Life Strategy 100% Equity fund trade order linked to the transfer request.

10. On 4 November 2020, Vanguard attempted to telephone Mr Y but was unsuccessful in reaching him. It then sent him a message, which said in summary:-

- It was sorry to learn of his dissatisfaction with its service.
- Although Mr Y was informed by Aviva that the payment was sent on 27 October 2020, it in fact arrived within its bank account on 30 October 2020.
- On 30 October 2020, Mr Y was informed on the telephone, that the amount that had been received was different to the amount that was outlined on the transfer request. The payment was also unreferenced. Mr Y was advised that due to this discrepancy, it would need confirmation from Aviva that the payment it received was intended for his account.
- It queried the payment with Aviva on 2 November 2020. As soon as confirmation was provided from Aviva, payment was made to Mr Y's SIPP account on 3 November 2020.

11. On the same day, Mr Y responded to Vanguard's message. He said in summary:-

- He was unhappy with the service provided to him.
  - The transfer of his funds took longer than it ought to have done and, as a result, he had lost thousands of pounds due to the fund price being higher on the day the funds had been paid into his account.
  - The funds should have been received on 30 October 2020 and not 3 November 2020, which also happened to be the day of the US Election.
12. On 5 November 2020, Mr Y telephoned Aviva to raise a complaint in relation to the length of time it took to transfer his funds.
13. Between 5 and 25 November 2020, several exchanges took place between Mr Y and Vanguard in relation to his complaint.
14. On 4 December 2020, Vanguard telephoned Mr Y to inform him that it did not uphold his complaint. It later emailed its formal response to him. It said in summary:-
- When payment was received from Aviva on 30 October 2020, the reference on its bank account was “Aviva Life”. So, it contacted its bank to understand the discrepancy with the reference as it did not link the payment to Mr Y’s account. The bank later confirmed the reference numbers matched.
  - Unfortunately, because the amount received did not match what was quoted in Origo, it could not apply the funds to Mr Y’s SIPP account until Aviva confirmed the correct amount in Origo.
  - As soon as Aviva confirmed the correct transfer amount was £171,453.12, it applied the funds to Mr Y’s account and telephoned to inform him that it had received the confirmation and that the money had been applied to his SIPP account.
  - Taking everything into account, it could not uphold Mr Y’s complaint as it followed the correct process for allocating the pension transfer payment to his SIPP account.
  - It appreciated that Mr Y wanted it to contact Aviva on 30 October 2020, however all communications were sent electronically via Origo and Aviva also needed to confirm the correct amount using the system.
  - After it received the money from Aviva, it contacted Aviva within one business day and received confirmation and applied the payment to Mr Y’s SIPP account within two business days. So, the time it took to process the transfer was reasonable.
  - It was important for the reference number to match the transferred money in order to make sure the money was not sent in error and was not applied to an incorrect client account.
15. On 5 January 2021, Aviva provided Mr Y with its formal response to his complaint. It said in summary:-

- Mr Y's transfer payment was sent to Vanguard on 26 October 2020. The payment was sent by BACS and was referenced in accordance with the reference Vanguard provided it with in Origo.
  - The transfer amount was increased to £171,453.12 to include £61.66 in late interest for the period of 15 October 2020 to 26 October 2020 which it was compelled to apply.
  - It paid the transfer on the correct date with the agreed amount and the correct reference.
  - It offered Mr Y a payment of £100 as a gesture to apologise for not responding to his complaint within eight weeks.
16. Following the complaint being referred to The Pensions Ombudsman (**TPO**), Mr Y, Vanguard and Aviva made further submissions that have been summarised in paragraphs 17 to 26 below.

### **Vanguard's position**

17. It received a payment of £171,453.12 into its bank account on 30 October 2020 with the reference Aviva Life, but the client account number was not visible.
18. As the payment value did not match an open transfer case on Origo, and did not include an account number as reference, it could not be applied automatically. So, the payment was moved to its unallocated pension transfer report to be manually matched to a client account.
19. Aviva entered the transfer amount of £171,391.45 into Origo which did not match the amount sent. It would have expected Aviva to update Origo with the correct amount transferred as soon as it updated Origo to a "funds sent" status, as detailed in the Origo best practice guide (see Appendix 1).
20. As the values differed, it contacted Aviva via Origo to check the payment it had received to make sure it was correct and intended for Mr Y. Aviva confirmed this the following day and the payment was matched.
21. At the same time, it contacted its bank to see if they were aware of any further references to help match the payment. As soon as the payment reference was matched, and Aviva responded to verify the amount they had sent, the payment was assigned to Mr Y's SIPP. In total these activities took place within two business days which was its standard service level for applying transfer payments.
22. Mr Y had an investment order linked to the transfer but had instructed it to cancel the order before the transfer payment was applied. Had the investment order not been cancelled, a deal would have been placed into the Life Strategy 100% Equity fund on 4 November 2020. Mr Y changed his investment decision and placed a smaller value trade on 5 November 2020 into a different fund with further trades placed.

### **Aviva's position**

23. It is satisfied that it complied with the actions requested in respect of the transfer and the transaction had been completed in a timely manner.
24. While it could not impact the actions of Vanguard as a receiving provider, it confirmed that having reviewed the information, it would have used the receipt date of payment and not the date the checks were completed by Vanguard, for the purpose of fund prices and investing Mr Y's pension.

### **Mr Y's position**

25. From looking at the Origo transfer, he was able to locate the Vanguard reference number immediately and does not understand how Vanguard did not see this.
26. He would like to be compensated so that he is put in the same position in which he would have been, had the transfer not been delayed by Vanguard not being able to locate the correct reference number. As a minimum, he expected the transfer to be backdated to the share value on 30 October 2020. Mr Y also expected an award for distress and inconvenience he said he experienced.

### **Adjudicator's Opinion**

27. Mr Y's complaint was considered by one of our Adjudicators who concluded that no further action was required by Vanguard or Aviva. The Adjudicator's findings are summarised in paragraphs 28 to 32 below.
28. The Adjudicator considered the available evidence and was satisfied that Aviva acted upon the Origo instructions and made the transfer payment in a timely manner. The Adjudicator identified that the issue arose due to the amount being transferred being different to what was declared in the Origo instructions and, when the funds were received, Vanguard's bank statement did not show the payment being linked to the correct reference.
29. Mr Y believed that the reference was easily identifiable on Origo and did not understand how Vanguard was unable to locate this. However, Vanguard was correct to act cautiously and move the payment to its unallocated pension transfer report, contact its bank to see whether the transaction contained any other reference to help match the payment and also contact Aviva to clarify the amount transferred was correct given the circumstances. Scheme administrators must carry out due diligence before assigning funds to customers' accounts.
30. In respect of delay, Mr Y believed that following his call with Vanguard on 30 October 2020, that it would have chased Aviva for confirmation of the transfer on the same day. However, it did not contact Aviva until 2 November 2020, one business day later. The Adjudicator gave the opinion that Vanguard did not cause any delays in seeking clarification from Aviva and did so well within its agreed service level.

31. The Adjudicator understood why Mr Y felt that his transfer should have been backdated to 30 October 2020 as this was the day the funds were received. However, because the funds could not be allocated, Vanguard had acted in accordance with its procedures and used the date of allocation of the funds as 3 November 2020. She also noted that during the time of allocating the funds to Mr Y's account, he was able to make investment choices. If the funds were to have been allocated on 30 October 2020, Mr Y would not have been able to cancel his previous instruction in relation to a trade.
32. When considering the Origo best practice guide, Aviva should have updated the fund amount before updating the system to a "funds sent" status. While Aviva advised Mr Y of the additional sum of £61.66 before payment was made to Vanguard, it did not inform Vanguard of this. That being said, this did not amount to maladministration and so Mr Y's complaint should not be upheld.
33. Mr Y did not accept the Adjudicator's Opinion, and the complaint was passed to me to consider. Mr Y provided the following comments in response to the Opinion:-
  - He believed he was entitled to an award for the distress and inconvenience he had suffered and did not understand why the Adjudicator did not award him any.
  - The impact of the complaint had been debilitating on his mental health and he was disappointed with how it had been handled.
  - He did not feel that the main issues had been answered within the Adjudicator's Opinion and wanted to know who was responsible for the transfer not being completed on 31 October 2020.
  - There was a discrepancy in whether the Origo transfer included the correct reference number as both Vanguard and Aviva had said conflicting things.
  - Aviva confirmed it would have backdated the transfer to the date the funds were received as being 30 October 2020 and so he did not understand why Vanguard were not doing this.
34. I have considered the additional points raised by Mr Y, however, they do not change the outcome. I agree with the Adjudicator's Opinion.

### **Ombudsman's decision**

35. Mr Y made reference to accountability and said that he wanted to know who was responsible for the delay in transferring his pension funds.
36. Having reviewed the evidence, the correct reference number was included in the Origo transfer. However, when the funds were sent to Vanguard, the bank statement showed a reference of 'Aviva Life'. I do not find that this is the fault of either Aviva or Vanguard, but rather it was the way in which Vanguard's bank displayed a payment being received. In relation to the amount received being different from the one in

Origo, in my view Aviva should have updated the amount on Origo, or advised Vanguard that the amount was increased due to payment of interest, before sending the funds. That said, the issue with the reference would still have needed to be clarified. Both discrepancies were clarified within two business days from the date Mr Y considers the funds should have been invested. As a result, I do not agree that there was an unavoidable delay or that either Vanguard or Aviva can be held responsible that the funds were not allocated to Mr Y's SIPP until 3 November 2020.

37. I appreciate Mr Y's frustration that he had been informed by Aviva that it would have backdated the transfer to the date the funds were received, but I do not consider that Vanguard's actions in not doing so amount to maladministration. Vanguard was correct in carrying out due diligence before assigning the funds to Mr Y's SIPP due to the discrepancies as described in paragraph 36.
38. I acknowledge that Mr Y believes that he is entitled to an award for the distress and inconvenience he has suffered. However, as I have not found that any of Aviva's or Vanguard's acts and/or omissions amount to maladministration, it follows that no award is due.
39. I do not uphold Mr Y's complaint.

**Dominic Harris**

Pensions Ombudsman

15 October 2024

## Appendix 1

### Excerpt from Origo Options Best Practice Guide

#### OOG Best Practice Guide

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##### 3.5.1 Payment Details

It is very important to make sure you are entering the correct payment information into Origo. The payment amount **must** match the amount you have sent as a lot of firms use this information to identify the payments and allocate them to the correct clients. Do not use an estimated value for this.

If you have sent one payment to cover more than one policy for the same customer, you must stipulate the individual payment amounts in the transfer amount box, and the total payment amount in the Larger Payment Amount box.

Remember to use the payment reference & not the bank payee name on all BACs payments and also to update the transfer to Funds Sent at the point the payment is sent.

If you are unable to add in special characters or fit in the whole reference, use the payment reference minus the special characters and last characters. Do not use your own reference or other information (such as the NINO) as this will cause difficulties for the Receiving Provider.

If you are making separate payments for one case, please include the details for these in the notes for instance, you're paying a total of £1000 but as 5 payments, Options payment amount needs to say £1000 but the notes need to reflect the individual payment amounts as otherwise it's hard for Receiving Providers to tie the money up.

##### 3.5.1.1 Corrections to Payment Details

If the ceding scheme have entered the wrong transfer value in the payment details, then they should add a note to the transfer record detailing what the correct value transferred is.

If the incorrect Funds Sent date has been entered there is no need to add a note correcting this – the receiving scheme should ensure they enter the correct Funds Received date.