

Ombudsman's Determination

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| Applicant | Mr R |
| Scheme | AJ Bell Investcentre SIPP (the Plan) |
| Respondent | AJ Bell Investcentre (AJB) |

Outcome

1. Mr R's complaint is upheld, and to put matters right AJB shall compensate Mr R for his financial loss arising between 10 and 24 February 2017, by making an appropriate payment to his new pension plan.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr R's complaint against AJB, the manager of the Plan, is that it was partly responsible for the delay in the transfer of the Plan funds to another pension provider, James Hay Partnership (**JHP**), and he suffered a financial loss as a result of that delay.

Background information, including submissions from the parties

4. On 11 January 2017, Mr R told AJB that he wanted to transfer money held by Cofunds (his investment manager) to the Plan's cash account. The transfer was made on 13 January 2017, when AJB received £257,830.52 from Cofunds.
5. On 16 January 2017, AJB requested Cofunds to make a full cash transfer to it and to confirm to AJB that the Cofunds' account had been closed, so that AJB could transfer all the SIPP funds to JHP, as Mr R had requested. AJB emailed Mr R to say that it would arrange for the account to be closed and for payment to be made to JHP, and that Mr R would not need to take any further action.
6. On 8 February 2017, Cofunds told Mr R that his investment account had been closed.
7. On 13 February 2017, having heard nothing more, AJB asked Cofunds for an update.
8. In a letter to AJB dated 18 February 2017, Mr R complained that AJB had still not completed his transfer. He had found out the day before that there was a balance of

£6.33 remaining in Cofunds' holding account. He complained that AJB could have transferred £362,519.37 to JHP for reinvestment in January 2017, including the sale proceeds of a property that had been held by the Plan, but AJB had chosen not to do so because it was waiting for the transfer of £6.33. This delay meant that he had been locked out of the market for much longer than necessary. He had been advised that since 24 January 2017 (the latest date that he thought the transfer should have been completed), an investment portfolio resembling the one that he would have invested in had grown by 2.31%. On the assumption that only 80% of his money would have been reinvested in the meantime, he calculated his loss as £6,699.36, and asked AJB to make good the loss, saying it had caused a completely unnecessary delay.

9. AJB received Mr R's letter on 21 February 2017. The following day AJB phoned Cofunds again for an update. Cofunds informed AJB that Mr R's account had been closed on 8 February 2017 and that it had already notified Mr R about this. AJB then emailed Mr R to explain that the delayed transfer was due to AJB not receiving confirmation earlier from Cofunds that the account had been closed, and that this step was necessary before AJB could wind up the Plan, to ensure there were no residual assets. To settle the matter AJB offered to waive its usual transfer fee of £75 plus VAT and its same day CHAPS transfer charge of £25 plus VAT.
10. On 23 February 2017, Mr R refused AJB's offer because he thought the amount offered was insignificant when compared to his financial loss suffered as a result of the unnecessary delay; he said he had expected to be out of the stock market for only ten working days and he would liaise with JHP's investment team to quantify his financial loss from then to the date that JHP received the money. AJB then instigated its formal complaints procedure.
11. On 24 February 2017, AJB transferred £362,557.21 to JHP via CHAPS, waiving its usual charges, and on 1 March 2017, Mr R received email confirmation of the completed transfer. After discussing the matter with JHP's investment team, Mr R emailed to AJB relevant documentation to show that his lost investment return since 26 January 2017 was 1.5%, and this equated to a loss of £4,350.93 calculated on the assumption that only 80% of the funds would have been reinvested initially. Mr R asked AJB to pay him that amount.
12. AJB formally responded to Mr R's complaint in a letter dated 15 March 2017. It apologised for its recent level of service and admitted that it could have chased Cofunds sooner, and more frequently, when Cofunds failed to inform it that the investment account had been closed; however, AJB had completed the transfer (waiving all its usual charges) within one working day after it received Cofunds' confirmation. AJB said that in the circumstances it would not be appropriate for it to cover any investment loss that Mr R may have incurred.
13. Mr R then contacted this office. On 23 October 2017, AJB sent its formal response to the complaint. AJB regretted that it had not chased Cofunds sooner regarding the account closure; it usually aimed to request updates within ten working days; the

transfer was completed one day after it heard from Cofunds in February 2017, which was a reasonable time frame; it was not AJB's usual practice to make partial transfers when a full transfer had been requested, and Mr R did not ask for a partial transfer, so waiting for Cofunds' confirmation that the account had been closed was reasonable.

14. In response, Mr R commented that AJB had never informed him that a partial transfer could be requested, so he was not aware of that option. He also said that his Cofunds account still remained open with a balance of 27p, and this refuted AJB's argument that it needed the Cofunds account to be closed before it could make any transfer.

Adjudicator's Opinion

15. Mr R's complaint was considered by one of our Adjudicators, who concluded that further action was required by AJB. The Adjudicator's findings are summarised briefly below:-
 - AJB had accepted that the transfer to JHP was delayed, and had offered to waive its charges of £120 (including VAT), so there was no dispute that a problem had occurred. However, Mr R considered that the compensation offered by AJB was inadequate when compared to his financial loss.
 - As the complaint had been brought against AJB, the appropriate questions to be asked were, in the Adjudicator's view, "but for the delays by AJB, would the transfer to JHP have been completed earlier, and if so would Mr R have been placed in a better financial position?" If the answers were yes, it would be appropriate for Mr R to be compensated for the difference in value over the relevant period.
 - In view of the evidence provided, the Adjudicator considered that the answer to each question was yes: AJB first asked Cofunds for an update on 13 February 2017. As Mr R had made his transfer request on 16 January 2017 and the usual turnaround for transfers was ten working days, AJB should have chased Cofunds for its response at the end of January 2017, not thirteen days later. It was reasonable to assume that the transfer could then have been completed sooner, in the second week of February 2017, after the investment account was closed, instead of waiting until 24 February 2017. The delays on AJB's part amount to maladministration, for which Mr R should be compensated.
 - Mr R provided evidence, calculated by JHP, of his lost investment return for the period between 26 January and 24 February 2017, assuming that 80% of the funds would have been reinvested promptly. In view of his comments above, the Adjudicator considered that AJB should make good the investment loss calculated for a shorter period, between 10 February and 24 February 2017 (**the Reinvestment Period**), assuming 80% reinvestment as before.
 - It was therefore the Adjudicator's opinion that this complaint should be upheld, because AJB's delays had caused Mr R financial loss. To put matters right the

Adjudicator considered that Mr R should send AJB satisfactory evidence of his financial loss for the Reinvestment Period, and within 28 days of receiving that evidence AJB should pay that amount to JHP for the benefit of Mr R's pension plan account.

- As AJB had already waived its charges totalling £120, the Adjudicator did not consider that it would be appropriate for AJB to pay Mr R an additional amount for his distress and inconvenience.
16. AJB did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr R and AJB provided their further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr R and AJB for completeness.
 17. AJB said it gave Cofunds an instruction on 16 January 2017, so it was Cofunds' responsibility to act on that instruction; AJB chased Cofunds on 13 February 2017 but it should not have been required to do so as AJB's instruction was worded clearly enough; AJB should not be held responsible for the actions and inactions of another party.
 18. Mr R said he accepted the Adjudicator's Opinion, although the Reinvestment Period was a bit shorter than he would like. He enquired whether interest should be added to take account of the delay in settling the claim.

Ombudsman's decision

19. As a customer of AJB, Mr R had to rely on AJB to make a transfer from the Plan to JHP in accordance with his wishes. In turn, AJB had to give instructions to Cofunds, which held the relevant monies. Although AJB gave clear instructions on 16 January 2017, it was not until 13 February 2017, that AJB chased Cofunds. Bearing in mind that the transfer value for Mr R was a substantial amount, I think that AJB should have made some attempt to chase Cofunds earlier. On the balance of probabilities, I consider that doing so would have led to a quicker transfer. In my view AJB's part in the delays constituted maladministration leading to financial loss for which Mr R should be compensated. In the circumstances I consider that the Reinvestment Period of fourteen days proposed by the Adjudicator is a reasonable one.
20. Cofunds was not named by Mr R as a party to his complaint, so I cannot make a finding against it.
21. Acknowledging that AJB was not the only party responsible for the delayed transfer to JHP, and voluntarily waived its transfer charges in March 2017, I do not consider that it would be appropriate for me to make an additional award against AJB in respect of Mr R's distress and inconvenience.

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22. With regard to the query about interest raised by Mr R, in the circumstances I do not consider that an interest payment should be added to the compensation that I will award him.
23. Therefore, I uphold Mr R's complaint.

Directions

24. Within 21 days of the date of this Determination or, if later, within 28 days after receiving satisfactory evidence from Mr R of his financial loss for the Reinvestment Period, AJB shall pay that amount to JHP for the benefit of Mr R's pension plan account.

Anthony Arter

Pensions Ombudsman
5 June 2018