

The complaint

Mrs P complains that Hargreaves Lansdown Asset Management Limited (HL) caused a delay to the transfer of her Self-Invested Personal Pension (SIPP) from another provider. She considers this caused her a financial loss.

Mrs P also complains that HL delayed the transfer of her Individual Savings Account (ISA). This decision only considers the SIPP transfer. If Mrs P would like this service to consider her ISA complaint, she would need to bring that complaint to this service separately.

Mrs P is represented in her complaint. But I'll only reference Mrs P in my decision.

What happened

Mrs P wanted to transfer her SIPP and ISA to HL from another provider (provider A). On 25 February 2020 she sent a completed SIPP transfer application form to HL. HL received the form on 28 February 2020.

HL said they processed the application and forwarded it to provider A on 2 March 2020. They asked provider A to send them discharge forms and details of Mrs P's current scheme, including values. Provider A received this request on 4 March 2020. HL also wrote to Mrs P on 2 March 2020 to tell her what would happen next. They said that provider A would provide discharge forms which they would send to Mrs P to complete.

Provider A issued the requested discharge forms to HL in a letter dated 16 March 2020. HL chased for the discharge forms on 17 March 2020. They received the discharge forms, and other information about the ceding scheme, on 19 March 2020.

HL sent the discharge forms to Mrs P on 24 March 2020. They asked her to return the completed forms to them. They said they would forward the completed forms to provider A.

HL said they chased Mrs P for the completed discharge forms on 8 and 23 April 2020. They said they received them on 28 April 2020. But on 30 April 2020, they wrote to Mrs P asking her to complete a SIPP transfer form. I understand they also sent the completed discharge forms back to Mrs P.

Mrs P called HL on 14 May 2020 to tell them that the discharge forms had been returned to her in error. She told HL she wanted the transfer to complete as soon as possible. She returned the original completed forms to HL the same day. She also sent in a letter of complaint. Mrs P felt that HL had made errors with the processing of her SIPP and ISA transfer requests.

HL sent the completed forms to provider A on 26 May 2020. And chased provider A on the transfer on 10 June 2020.

Provider A said that they called HL on 9 June 2020 to confirm that the transfer was a genuine request. They said they couldn't get through to the team they needed to speak to at that time. So they said they emailed the Pension Transfer team at HL on 11 June 2020. HL

sent a chaser letter about the transfer to provider A on 15 June 2020. Provider A said they emailed HL again to confirm the transfer was genuine on 18 June 2020. HL provided the required confirmation on 19 June 2020.

HL asked provider A for an update and a timeframe for the transfer on 26 June 2020. And sent a timeline of the SIPP transfer to date to Mrs P on the same day.

HL said they chased provider A again on 3 July 2020 for an update. They said they received an email confirming that the transfer was at the disinvestment stage. HL chased provider A again on 6 July 2020. Provider A confirmed that a transfer payment had been made to HL on 8 July 2020. HL received the transfer for £107,609.05 the following day. This amount was credited to Mrs P's HL account on 10 July 2020.

Provider A emailed HL on 13 July 2020 to confirm the transfer had completed. Mrs P invested the full value of the transfer into her chosen fund with HL on 14 July 2020.

HL issued their final response to the complaint on 21 July 2020. They apologised for the delays they'd caused. And upheld the complaint. They acknowledged that they'd returned the completed discharge forms in error. But felt that some of the delays to the transfer had been outside their control. They offered Mrs P £150 for the inconvenience they'd caused. HL also said they'd forward Mrs P's concerns to provider A.

Mrs P was unhappy with HL's response, so brought her complaint to this service. She said she'd first requested the transfer on 25 February 2020, but it had only completed on 9 July 2020. She said that HL had told her it should take four to six weeks for the transfer to complete. She felt the delay to the transfer had caused her a financial loss.

Our investigator felt that the complaint should be upheld. He calculated that 17 working days had passed between the original receipt of the completed discharge forms on 28 April 2020 and when HL sent the forms to provider A on 26 May 2020. Allowing for bank holidays over this period, he noted that 17 working days had passed, which he felt was an unreasonable timeframe. He said 10 working days was generally accepted as a suitable service level. Our investigator didn't consider that HL should be held responsible for the delays which had occurred after the completed discharge forms had been sent to provider A. He felt that HL had acted in a timely fashion to progress the transfer after this point. And that further delays had been out of HL's control.

Our investigator felt that HL's offer of £150 for inconvenience was reasonable. But that they should perform a loss calculation for the delay he felt they were responsible for – seven working days.

Mrs P didn't agree with our investigator. She felt that HL were responsible for some of the delays after 26 May 2020. She felt that they should've confirmed to provider A that the transfer request was genuine sooner. And that had she not been chasing HL, their lack of proactivity would've caused further delays.

As agreement couldn't be reached, the complaint has come to me for a review.

What I've decided – and why

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'm going to uphold it. I agree with our investigator that HL are responsible for delays over the period from 28 April 2020 and 26 May 2020. I acknowledge that Mrs P

considers that HL are responsible for more of the delay she experienced. I'll explain the reasons for my decision.

HL accepts that they delayed the process between 30 April 2020 (the date they returned the completed discharge forms to Mrs P in error) and 26 May 2020 (when the forms were sent to provider A). But they consider that provider A is responsible for the majority of the delays after the discharge forms had been sent to them.

Our investigator considers that HL were responsible for delays between 28 April 2020 – the date HL received the completed discharge forms from Mrs P – and 26 May 2020.

Mrs P considers that HL were responsible for a much greater delay to the process. She said she returned the completed discharge forms on 27 April 2020. But that the transfer didn't complete until 9 July 2020. She considers that it was unacceptable that this part of the process took just under 11 weeks.

I first considered the start date for the period of delay HL have accepted. I agree with our investigator that this should be 28 April 2020, when the discharge form was first received, rather than 30 April 2020, when HL mistakenly returned the completed form to Mrs P. I say this because HL had what they needed to progress the transfer on 28 April 2020. So, even though their error was on 30 April 2020, I'm satisfied that the period affected by their error starts on 28 April 2020.

Similarly, I agree with our investigator that the 26 May 2020 should be considered the end date for the period of delay HL caused by returning the completed discharge forms in error. I say this because this was the date they sent the completed forms to provider A.

Due to the three bank holidays over this period, there were only 17 working days in the period in question. I agree with our investigator that it's generally accepted that ten working days is a reasonable service level expectation for financial transactions. And I've seen no evidence of a shorter service standard being applicable here. Therefore, after allowing for the full ten days I would've considered reasonable for HL to have taken to send the discharge forms on to provider A, I consider that HL caused a delay of seven working days over this period.

Did HL cause any delays before 28 April 2020?

I've also considered whether HL were responsible for any delays to the transfer process before 28 April 2020.

From what I've seen, HL took reasonable steps to progress the transfer from 28 February 2020 to 28 April 2020. I say this because I'm satisfied that HL completed every action they were required to take to progress the transfer within reasonable timescales.

I acknowledge that Mrs P considers HL could've been more proactive. And that they only took certain actions when she chased them for an update. But I'm not persuaded that HL should be held responsible for delays over this period.

I don't agree that HL should be held responsible for not receiving discharge forms from provider A in a reasonable time frame. I can see that they did chase provider A for those forms when they hadn't been received. Once they'd received them, they forwarded them on to Mrs P in three working days. They then chased Mrs P for the completed forms on more than one occasion. Mrs P returned the forms over a month after HL had sent them to her.

In summary, I'm not persuaded that HL caused any delays to the transfer process before 28

April 2020.

I also considered if HL had caused any delays after 26 May 2020.

Did HL cause any delays after 26 May 2020?

Mrs P said that HL had told her it should take between four and six weeks for the transfer to complete.

I agree that HL did state, in their 2 March 2020 correspondence with Mrs P:

“Once we have your signed discharge forms, we’ll ask your provider to start your transfer. It normally takes pension providers 4-6 weeks to complete a transfer, though it can take longer”.

But I can’t reasonably say that HL were in control of the timing of the transfer after they’d sent the completed forms to provider A. I say this because many of the remaining required actions for the transfer process to reach completion weren’t in HL’s control.

I’m also satisfied that when HL stated that: *“it normally takes pension providers 4-6 weeks to complete a transfer...”* they were giving Mrs P a broad idea of how long provider A might take to complete the process after they’d received the completed discharge forms. In the end, it took a period of five weeks - from 3 June 2020 when provider A said they received the required paperwork, to 8 July 2020 when the transfer payment was made to HL. This period extends to six weeks if we start the clock at the point when HL sent the completed discharge forms to provider A. I appreciate that Mrs P expected the whole process to complete more quickly than it did. But I’ve seen no evidence that this part of the process took longer than HL outlined in their 2 March 2020 letter.

From what I’ve seen, HL did chase provider A on the transfer on 10 June 2020. But provider A had already contacted HL on 9 and 11 June 2020 to request confirmation that the transfer request was genuine. The first call to HL on 9 June 2020 was to the wrong team. But provider A followed up their 11 June 2020 email with a chaser on 15 June 2020. HL provided the required confirmation to provider A on 19 June 2020. Although I acknowledge that Mrs P feels that HL caused a delay here, I’m not persuaded that they did. They responded to provider A in six working days, which I consider reasonable.

From what I’ve seen, HL took reasonable steps to progress the rest of the transfer after 26 May 2020. I say this because they processed all remaining stages of the transfer well within the generally accepted service standard of ten working days. Therefore I’m satisfied that HL didn’t cause any further delays to the transfer process after 26 May 2020.

I then considered whether HL’s offer of redress is fair and reasonable under the circumstances.

Is HL’s offer of redress fair and reasonable under the circumstances?

HL have acknowledged that they made an error when they returned the completed discharge forms. As I noted earlier, I consider that this caused a delay of seven working days to the eventual completed transfer.

HL have offered Mrs P £150 compensation. I’m satisfied that this is reasonable for the inconvenience HL caused Mrs P. But I consider that they should also perform a loss calculation to check whether the delay caused Mrs P a financial loss.

I say this because if HL hadn't delayed the transfer, it would've completed sooner. And Mrs P would've bought units in her chosen investment at a different unit price. I acknowledge that Mrs P remained invested with provider A until the transfer took place. Therefore the loss calculation will also need to consider the investments Mrs P held with provider A before the transfer. HL have told this service that they would need to be provided with the details of those investments. And that provider A won't provide these details to them directly. Our investigator has informed Mrs P that HL need an itemised statement of what holdings were sold to facilitate the transfer, and the prices of those stocks seven working days before, so that the loss calculation can be carried out.

I uphold this complaint. And require HL to take the following actions.

Putting things right

Fair compensation

My aim is that Mrs P should be put as closely as possible into the position she would probably now be in if HL hadn't delayed the transfer.

What must HL do?

To compensate Mrs P fairly, Hargreaves Lansdown Asset Management Limited must:

- Obtain (through Mrs P) an itemized statement of what holdings with provider A were sold to facilitate the transfer, and the prices of those stocks seven working days before – the notional transfer date.
- Use this information to calculate the value of the transfer if it had completed seven working days earlier – the notional transfer value.
- Apply the notional transfer value to the Baillie Gifford American fund priced the working day after the notional transfer date to assess how many units would've been purchased if the transfer had completed seven working days earlier.
- If more units would've been purchased had the transfer completed seven working days earlier, there is a loss, and compensation is payable equal to the value of the missing units.
- If there is no loss, no compensation is payable.
- If there is a loss, Hargreaves Lansdown Asset Management Limited should pay the compensation into Mrs P's pension plan, to increase its value by the amount required to purchase the correct number of missing units. The payment should allow for the effect of charges and any available tax relief. Hargreaves Lansdown Asset Management Limited shouldn't pay the compensation into the pension plan if it would conflict with any existing protection or allowance.
- Hargreaves Lansdown Asset Management Limited should add interest to the compensation if they don't pay it within 28 days of the receipt of the information required to carry out the loss calculation. This should be paid at 8% simple each year.
- If Hargreaves Lansdown Asset Management Limited are unable to pay the compensation into Mrs P's pension plan, they should pay that amount direct to her. But had it been possible to pay into the plan, it would've provided a taxable income.

Therefore, the compensation should be reduced to *notionally* allow for any income tax that would otherwise have been paid.

- The *notional* allowance should be calculated using Mrs P's actual or expected marginal rate of tax at her selected retirement age.
- For example, if Mrs P is likely to be a basic rate taxpayer at the selected retirement age, the reduction would equal the current basic rate of tax. However, if Mrs P would've been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation.
- Pay to Mrs P £150 for the inconvenience caused.
- Provide the details of the calculation to Mrs P in a clear, simple format.

Why is this remedy suitable?

I've decided on this method of compensation because:

- I consider that Hargreaves Lansdown Asset Management Limited caused a delay of seven working days. So I consider it's reasonable that the transfer would've completed seven working days earlier.
- The valuation used by provider A would've been set seven days earlier than it should've been but for the delays.
- Mrs P invested the full value of her transfer into the Baillie Gifford American fund. She confirmed through her complaint form to this service that she would've invested in the same way if the transfer had completed earlier.
- Mrs P invested the transferred funds within one working day of receipt of funds into her account.

My final decision

For the reasons given above, I uphold this complaint. I require Hargreaves Lansdown Asset Management Limited to take the actions detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 19 July 2022.

Jo Occleshaw
Ombudsman