

The complaint

Mr G has complained that St. James's Place Wealth Management Plc delayed the transfer of defined benefits from his occupational pension scheme, which resulted in the cash equivalent transfer value (CETV) being reduced.

What happened

The investigator who considered this complaint issued his assessment of it on 7 August 2022, in which he set out the background, including a timeline, as to what had happened here. I'm broadly setting out the same overview of events below, with some amendments for the purposes of this decision.

Mr G had deferred benefits in two occupational pension schemes, one with Bombardier Transportation UK (Bombardier) and with a further pension scheme, which I'll call "Pension B". The benefits in the Bombardier scheme were accrued over around 17 years, and were larger than those accrued in Pension B, which had accrued over fewer years.

Mr G and his wife have been clients of SJP for a number of years. Their previous adviser (Adviser A) semi-retired in 2020 so they were transferred to a new adviser (Adviser B). Once Adviser B took over, discussions were held around the possibility of Mr G transferring his occupational pension scheme benefits to a personal pension.

Adviser B didn't have authorisation to advise on pension transfers, so they introduced Mr G to another adviser (Adviser C), who could advise on the transfers.

Adviser C provided "abridged" advice to continue to full advice on transferring both policies. CETVs were requested from both providers. The Bombardier scheme incorrectly had Mr G as a current member, so they weren't able to send a CETV straightaway. They calculated a value of £308,075 on 31 March 2021 and it was guaranteed until 1 July 2021. Pension B had provided an indicative transfer value of around £30,000 but not a guaranteed value.

Adviser C sent Mr G's case to SJP's Business Assurance team to review, then addressed their points. But the main issue was that Pension B hadn't provided a guaranteed value. Pension B didn't provide a guaranteed transfer value until 2 June 2021.

SJP was unable to complete the advice process and get the pensions transferred before the Bombardier CETV expired. While chasing an updated CETV from Bombardier, Pension B's CETV also expired.

The new Bombardier CETV was around £12,000 lower than the first one. The new Pension B CETV was slightly higher than the first one.

Throughout this process, Mr and Mrs G's relationship with Adviser B deteriorated. They felt there were unreasonable delays and that they were being asked to chase administrative issues which they felt SJP should be doing as part of its fee. Mrs G asked SJP to transfer them to a different SJP partner.

Mrs G complained on Mr G's behalf about the administration and time taken to transfer the pensions, noting the reduction in the Bombardier CETV. SJP said it hadn't done anything wrong in the pension transfer or in processing a withdrawal for Mr and Mrs G.

However, it accepted that it had provided its final response letter late, so paid £250 for that delay.

Mrs G was unhappy with the response, so an SJP appeals team reviewed the matter again. It again said that nothing had been done incorrectly with the transfers, but acknowledged the deterioration in the relationship with Adviser B and offered £750 for the trouble and upset this had caused.

Dissatisfied with the further response, Mrs G has brought the complaint to our service on behalf of Mr G to consider, as she doesn't feel SJP's offer is fair.

The investigator who assessed the complaint thought that the complaint should be upheld, saying the following in summary:

- Although he couldn't comment on the £250 paid for the late final response letter, as complaint handling wasn't a regulated activity, he'd considered whether the further offer of £750 was fair in the circumstances.
- He thought that the initial time taken by SJP to obtain the Bombardier CETV was reasonable – the latter had recorded incorrect details about Mr G and this needed to be corrected before it could issue the CETV.
- He also thought that the principle of trying to transfer the two sets of deferred benefits from the two schemes at the same time was reasonable. But he considered that the implementation of that strategy thereafter was flawed.
- He noted SJP's timeline of what had happened as follows:

*“10/4/21 Guaranteed transfer value received from Bombardier
14/4/21 Updated letter of engagement signed showing both schemes and updated values
15/4/21 Case sent to Business Assurance for preliminary review
27/4/21 Feedback from Business Assurance (BA) to be addressed
28/4/21 Points addressed and sent back to BA but still no guaranteed transfer value from [Pension B]
4/5/21 Feedback from BA- main point, still missing guaranteed transfer value (TV) from [Pension B]
2/6/21 Guaranteed TV from [Pension B] eventually received
2/6/21 Sent [Pension B] TV to BA”*

- The investigator inferred from this that, although there was a delay in receiving the Pension B CETV, the Bombardier pension benefits were ready to be moved to the “full advice” stage at an earlier stage.
- He didn't think it was fair that SJP had waited until the Pension B CETV was received before moving forward with the Bombardier transfer. The Bombardier CETV represented over 90% of the overall scheme benefits which were to be transferred, and SJP was aware that the CETV could reduce if the deadline was missed.

- There was nothing preventing SJP from proceeding with the transfer of the Bombardier pension benefits separately from those from Pension B – and the advice fees would have been the same overall.
- As such, SJP should have moved to the full advice stage soon after 4 May 2021, at which point the transfer work was largely complete.
- Addressing the deterioration in the relationship between Adviser B and Mr and Mrs G, the investigator said that the options provided by SJP in terms of them working with a different adviser and having adviser charges “switched off” until this happened, along with the offer of £750, was fair in the circumstances.

To remedy the situation, the investigator said that SJP should calculate the difference between the transfer value paid from Bombardier and that which would have been received from the first CETV. Any loss should in the first instance be paid into Mr G’s plan, but if this wasn’t possible, it should be paid directly to him with a notional basic rate deduction for income tax which Mr G would otherwise pay on his retirement benefits.

Mr and Mrs G accepted the investigator’s findings, but SJP made the following further points:

- The transfer of the Bombardier benefits was initially considered in isolation, but Mr G brought into consideration the possibility of transferring the Pension B benefits as well, which was indicative of him wanting them to be transferred at the same time.
- It provided Mr G with the brochure entitled “Defined Benefit Pension Transfers – Your Comprehensive Guide”, which highlighted the following:

“It can take many months to obtain all of the necessary information from schemes, undertake calculations and verify recommendations for advice on transfers. In particular, the process can take longer than the period for which the original transfer quotes are valid. Where this is the case, new transfer quotes must be obtained, and the transfer value may be less than the original offer. This may change the advice and it will alter the benefit you receive if you transfer.”

- Adding Pension B to the equation was therefore going to impact on the timescales. It accepted that the Bombardier scheme represented 90% of the overall transfer amount, but its internal guidance stated that, where a client had multiple defined benefit schemes being considered for transfer, its partners should consider them together – from a “holistic” perspective at the abridged advice stage.
- The CETV from Pension B wasn’t received until 2 June 2021, at which point the whole transfer proposition could then be considered from that holistic perspective at the Abridged Advice stage.
- But it had in any case considered the prospect of the higher Bombardier CETV being obtained if that transfer had been progressed in isolation, and it concluded that this wouldn’t have been possible. It set out the following timeline of events:
 - *“10/04/2021 - While conversations about transferring the Bombardier scheme began in February 2021, the client did not receive a CETV based on his correct circumstances (i.e. deferred member) until 10 April 2021.*
 - *14/04/2021 – client sends back signed updated letters of engagement reflecting the updated value of the Bombardier scheme (same as original timeline)*

- 15/04/2021 – Partner submits the case to Business Assurance department for a pre-lim assessment -Abridged Advice (same as original timeline)
- 27/04/2021 – Business Assurance complete an initial review but they query the pension income figures provided by Bombardier as they have not been revalued to NRA & SRA. (Same as original timeline)
- 28/04/2021 – We assume the Partner requests this additional information from Bombardier the next day
- 30/04/2021 – Bombardier reply to the request. (We know it took 2 working days for the Bombardier scheme to reply to this request for information from the original timeline / copy emails).
- 30/04/2021 – After having assessed this information, the Partner sends this information back to Business Assurance the same day (same as original timeline)
- 06/05/2021 – We know it took Business Assurance 3 working days to approve the pre-lim on the original timeline. The 30th is a Friday, and the 3rd May is a bank holiday, taking us to 6 May 2021
- 07/05/2021 – Abridged Advice letter signed the next day by the client (same as original timeline)
- 07/05/2021 – TVAS Report requested the same day (same as original timeline)
- 12/05/2021 – We know it took the TVAS team 3 working days to review the scheme information which was already held. They decided they needed further information from the scheme and ask the Partner to obtain this.
- 12/05/2021 – Partner should have emailed the scheme the same day and request the following information:
 1. Please confirm that age 60 is the earliest age that this member can retire without any early retirement reduction on any of his benefits. If not, please advise.
 2. Further to the above, please confirm that all tranches of benefit have NRA 60 for this member i.e. no lower NRAs exist on any of his benefits due to previous equalisation/barber etc.
 3. If late retirement at age 75 would be possible, please provide details of the current late retirement factors that would be applied to each tranche at that age. The table supplied only goes to 5 years late.
 4. Please provide the current cash commutation factors for age 75 for this member.
 5. Please advise which commutation factors apply for this member (“Main Plan” or “2003 Scheme”).
 6. In respect of current pensioners, please advise amounts and dates of any discretionary increases paid in the last five years.

- 26/05/2021 – Scheme information received. We know from copy emails that it took the scheme 2 weeks to reply to the request for information above.
- 26/05/2021 – Partner sends this to the TVAS team the same day (same as original timeline)
- 27/05/2021 – TVAS confirm two points have still not been answered by the scheme (next working day – same as original timeline)
- 27/05/2021 – Partner requests outstanding information from the scheme the same day (same as original timeline):
 1. If late retirement at age 75 would be possible, please provide details of the current late retirement factors that would be applied to each tranche at that age. The table supplied only goes to 5 years late.
 2. Please provide the current cash commutation factors for age 75 for this member. The table supplied only goes to age 70.
- 04/06/2021 – We know it took 5 working days for the scheme to reply with the information from copy emails on file (noting that 31 May was a bank holiday)
- 04/06/2021 – Response sent back to TVAS the same day (same as original timeline)
- 17/06/2021 – TVAS Report produced and passed to Partner (Based on the original timeline, we know it took 9 working days for the TVAS team to produce the TVAS report following receipt of the scheme information above).
- 17/06/2021 – send TVAS report to the client the same day and answer his queries. Establish if he still wants to proceed based on the results.

At this point we have 10 working days left before the CETV expires. There is still a formal recommendation letter to prepare and other documentation to draw up to support the recommendation, a further assessment from Business Assurance to establish if they agree with the proposed Recommendation to transfer, then a client meeting to go through the final advice & sign relevant paperwork

- 01/07/2021 – Formal recommendation letter & point of sale documents drawn up and prepared for checking (We know from the original timeline that the paraplanner took 2 weeks to write up the formal recommendation letter & prepare point of sale documentation before submitting to our Business Assurance department for checking. Original timeline states that the [Pension B] TVAS Report produced 7/10 & we know the Partner submitted to Business Assurance for checking on 21/10). I do not believe 2 weeks is unreasonable to produce the necessary documentation, considering the complexity of advice.
- 01/07/2021 – Submitted to Business Assurance for an assessment as to whether they believe the advice to transfer (full advice) is appropriate for the client.
- 05/07/2021 – Business Assurance took 2 days to assess the case. They raised a number of queries with the Partner's office regarding the documentation with suggested amendments. Case could not be approved at this stage.

- *12/07/2021 – Case approved by Business Assurance. (We know it took about 5 working days for the paraplanner to update the documentation in line with Business Assurance’s comments, submit back to Business Assurance for checking and for Business Assurance to approve the transfer advice.)”*
- SJP said that, by this point, the CETV would already have expired and a meeting would still have needed to be arranged with Mr G to go through the formal recommendation and complete the required paperwork – which would have further added to the overall timescale.
- It wouldn’t thereafter have been unreasonable to deal with the two transfers together – especially as its guidance recommended that they be considered holistically.

The investigator considered SJP’s comments and its timeline, but said that the near month between the scheme providing the outstanding information and the formal recommendation being issued was longer than was reasonable, considering that the CETV deadline was 1 July 2021.

Further, he said, SJP could have contacted the Bombardier trustees to request an extension of the CETV, especially as SJP had needed to wait around three weeks for them to provide the necessary information.

In response, SJP said that it remained its position that the two transfers should have been considered together. This gave it a complete client picture and enabled it to provide the best advice on the true position in retirement.

Further, it said, this was something which Mr G had himself wanted when he added Pension B to the equation.

It also maintained its position that the timeline it produced was indicative of there being no realistic prospect of the CETV deadline being met. There was also no evidence to suggest that the trustees would have been willing to extend the CETV deadline by three weeks. In its experience of dealing with defined benefit transfers, it rarely saw instances of schemes extending CETV deadlines.

As agreement hasn’t been reached on the matter, it’s been referred to me for review.

At my request, the investigator has enquired of the scheme administrator as to whether it was likely that an extension to the CETV deadline would have been granted if this had been requested.

In response, they have said that this would have needed to be submitted to the trustees, but that they considered it unlikely that they would have wanted to set a precedent for this.

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.

I acknowledge what SJP has said about approaching the transfers of both sets of scheme benefits holistically and I agree that it would be expected that a recommendation would take into account all of Mr G’s relevant circumstances, which would include additional pension provision.

I think it’s less straightforward as to whether SJP needed the actual CETV for Pension B to

take these benefits into account, when it would in any case have been aware of the likely pension benefits the scheme would provide to Mr G at retirement. The CETV would have been needed for the TVAS, but it would nevertheless have a good idea as to the guaranteed pension benefits Mr G would be relinquishing in both schemes.

But I don't think it was in any case inevitable that adding Pension B to the equation would impact timescales. The CETV for Pension B was received at the beginning of June 2021, which according to the above notional timeline set out by SJP would have coincided with the receipt of the necessary scheme information from the administrators of Bombardier.

I don't think the notional timeline set out by SJP is necessarily unreasonable. But I think it ought reasonably to have been possible, even on the basis of the holistic approach SJP recommended to its partners, for the suitability of the transfer of the Bombardier pension benefits to be assessed in the knowledge of the scheme benefits, and the CETV, which would be produced by Pension B.

That is to say that, by that point, the benefits to be provided by Pension B could have been factored into an individual recommendation for the Bombardier pension. And if the actual logistics of transferring the Pension B benefits needed additional time, then SJP would have had this by virtue of the later date of receipt of the Pension B CETV.

This then leaves the matter of whether there should have been sufficient time for SJP to prepare the recommendation report for Mr G and to complete the necessary paperwork for submission to the Bombardier administrators by 1 July 2021.

The investigator's position was that a month should have been enough time for this to happen, especially given that SJP was aware that the CETV deadline was 1 July 2021. And I'm inclined to agree. I accept that it took time to gather information to enable it to make the recommendation, for which it couldn't reasonably be held responsible, but I think a period of four weeks from receiving the outstanding information from the scheme ought to have been enough time for the process to complete and for the transfer request to be submitted to the scheme administrator.

Putting things right

On the basis that I've concluded that it ought to have been possible for the transfer request to be submitted by 1 July 2021, my view is aligned to the investigator's in that St. James's Place Wealth Management Plc should compensate Mr G for the difference between the CETV that he received and that which he would have received, had the transfer request been submitted by the initial deadline.

To determine any loss to Mr G, St. James's Place Wealth Management Plc should obtain the notional value of Mr G's recipient pension plan, as at the date of this decision, had the higher amount been paid to it, and at the earlier point (determined by using the actual time taken for the transfer payment and reinvestment to occur once the transfer request had been submitted). This should be compared to the actual current value of Mr G's pension plan as at the date of this decision.

Any loss should in the first instance be paid to Mr G's pension plan, taking account of any unused tax relief, charges and annual allowance issues. If this isn't possible, or has implications for annual allowances or protection put in place for the lifetime allowance, then the amount should be paid to Mr G, with a notional deduction for the amount of income tax he would have paid on 75% of the amount in retirement (assuming he would have taken tax free cash). The investigator said that Mr G's tax rate should be assumed to be basic rate, and I note that neither party has taken issue with this, so a 15% notional deduction from the

loss amount would adequately reflect this.

The loss amount should be paid within 28 days of St. James's Place Wealth Management Plc being notified of Mr G's acceptance of this decision. If it isn't, interest at the rate of 8% pa simple should be applied to the loss amount from the date of this decision to the date of settlement.

My final decision

My final decision is that I uphold the complaint and direct St. James's Place Wealth Management Plc to undertake the above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 April 2023.

Philip Miller
Ombudsman