

The complaint

Mr F complains about the service he received from St James Place (SJP). He says that they caused delays and provided contradictory information about how much he would receive. In particular, by not giving him information about the tax deduction that would be made to the withdrawal of his pension fund.

What happened

In November 2022 Mr F began discussions with an SJP partner, about his retirement options. On 10 January 2023 the partner contacted SJP but the call dropped out, they called back on 19 January 2023 when a discussion about Mr F's options took place. Mr F decided he wanted to withdraw his full pension fund in one lump sum. A complaint about any advice which may have been provided to Mr F has not been made, so I have not considered it within my decision.

On 19 January 2023 SJP discussed two options for Mr F and a crystallisation pack was requested. This was sent on 23 January 2023 to Mr F. SJP have said this was an error – as they were aware Mr F wanted to withdraw the full fund, a different pack should have been sent to him.

Mr F provided the completed crystallisation pack to the SJP partner on 30 January 2023, which SJP note they received on 31 January 2023. There were discussions internally about what Mr F's intentions were, as it wasn't clear from the pack.

On 3 February 2023 a call was received requesting an update – SJP incorrectly advised that payment would be received on 6 February 2023. SJP were in fact still awaiting Mr F to read and accept the risk warnings, which SJP requested Mr F do on 6 February 2023.

On 10 February 2023 SJP received the documents they had requested from Mr F. The crystallisation was processed in order for Mr F's payment of 25% tax-free cash (TFC) to be made. On 17 February 2023 a TFC payment was paid to Mr F. Mr F contacted SJP and said he wanted to take the full fund – not just the TFC. SJP arranged for the risk document to be sent to Mr F on 25 February 2023, this included an illustration document which set out the value of the crystallised fund of £164,710.67 and said the following:

“The values shown in the table above are before the deduction of any Early Withdrawal Charge.”

Within the Retirement Account key facts document on page 2 a table sets out what may be received if a single withdrawal is taken. It gives an early withdrawal charge of £3,888. Underneath it states:

*“*The value of any Early Withdrawal Charge incurred will be based on the fund value, any available withdrawal allowance and the level of charge applicable at the time of the withdrawal.”*

Mr F chased SJP for payment on a couple of occasions between 17 and 25 February 2023.

On 9 March 2023, SJP paid a gross income payment of £161,232.86 to Mr F. HMRC provided an emergency tax code so Mr F received a net payment of £90,403.40 after a tax deduction of £70,829.46.

Mr F raised a complaint with SJP. He said that he was expecting a higher payment, communication had been poor and he was unhappy with the time it had taken for SJP to process his request to withdraw his pension fund.

SJP responded on 16 March 2023 – they agreed that the service they had provided was not in line with what they expect to provide to their customers. They agreed that incorrect information had been provided to Mr F on the telephone and that they had caused a delay to him receiving his pension fund. They apologised and calculated that Mr F should have received the full withdrawal on 16 February 2023. They offered:

- 8% simple interest per annum on the TFC from 16 to 17 February 2023 (£27.01).
- 8% simple interest per annum on the remaining balance between 16 February and 9 March 2023 (£415.82).

After deducting 20% basic rate tax, £351.92 total interest was offered. This was rounded up to £450 – therefore providing £98.08 compensation.

During our investigation SJP offered an additional £250 compensation which brings the total offered to £348.08, in addition to the interest payment mentioned above.

An investigator reviewed Mr F's complaint. They agreed with SJP that the delay caused and unclear information provided ought to be compensated in the way that had been proposed and they thought the increased offer of compensation was fair.

Mr F remained unhappy and he asked for an ombudsman to review the complaint.

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 think the updated offer - which was made after the complaint was referred to our service - is fair in the circumstances and so I've upheld the complaint. I'll explain why.

SJP agrees they caused avoidable delays and that their service was not what they expect their customers to receive.

Delays

SJP accept that they caused a delay to Mr F receiving his pension moneys. They say that on 19 January 2023, when the SJP partner called to discuss Mr F's options, they sent out an incorrect pack. Had they sent the correct pack, and then the correct risk documentation for withdrawal of the funds – both the TFC and remaining taxable funds ought to have been provided to Mr F on 16 February 2023. I agree with this timeframe.

SJP have said they have a 5 working day service level agreement within which to act on information they receive and request any outstanding documents. SJP would have issued the correct pack on the same date they issued the crystallisation pack, Mr F would have needed to fill this in and return it to them. Then SJP would have still needed to issue the risk documentation to Mr F to read, sign and return. I think this timeframe is fair, and when applied as a hypothetical timeline from 19 January 2023, I agree with SJP's suggestion that this brings the date Mr F ought to have received his pension fund to 16 February 2023.

So, Mr F suffered a one day delay to receipt of his TFC lump sum (from when he ought to have received it on 16 February 2023 to when he did on 17 February 2023), and a 21 day delay to receipt of the remaining sum.

Had SJP done the right thing and provided Mr F with the full amount on 16 February 2023 he would have received a gross income payment of £160,995.34 (after the deduction of an early withdrawal charge of £3,874.44 from the unit value of £164,869.78) if everything had happened as it should have. Instead, Mr F received a gross income payment of £161,232.86 (after the deduction of an early withdrawal charge of £3,889.96 from the fund value of £165,122.82). SJP have calculated the interest payment for loss of use of the funds at the amount Mr F did receive – rather than what he would have received on 16 February 2023.

SJP's offer of compensation for the delays caused by them is fair.

Service provided

SJP have also accepted responsibility for the service issues Mr F experienced with them, in recognition of this they have offered £348.08 by way of an apology. I won't list all of the issues Mr F encountered, though I have taken them all into consideration when deciding if the compensation offer is fair and reasonable. In summary:

- Mr F had to chase SJP for updates.
- When providing updates SJP provided incorrect information to Mr F about the amount he would receive and when it would be received. Namely by not deducting the tax when providing him with verbal figures that he would receive.
- SJP were unsure about what Mr F's intentions were with his withdraw but failed to ask him to clarify.

Having considered this and this service's compensation bands I find the offer of compensation fair and reasonable for the distress and inconvenience this matter has caused Mr F.

I appreciate Mr F may have thought he was going to receive the full amount (pre tax deduction) due to the misinformation provided. However, he would never have received this amount, SJP deducted tax based on the tax code that HMRC provided to them, which was the right thing for them to do. SJP should have been clearer when speaking to Mr F on the telephone about this and so the compensation amount is to reflect the loss of expectation Mr F felt following the incorrect information provided to him.

Other items

Mr F says he was expecting the full gross payment, with no deductions. SJP deducted tax at the rate they were told to by HMRC, which was the correct thing for them to do. And an early withdrawal fee. An early withdrawal charge is set out within the illustration and key facts document, I'm satisfied that SJP were correct in deducting it from the gross payment. Mr F

hasn't said he would have done anything different, if he'd been made aware of these deductions.

Mr F has also complained about a fee he paid to an accountant for advice. I'm not holding SJP responsible for this fee. They suggested within their paperwork that Mr F obtain advice before withdrawing his pension funds and listed the reasons why that might be the best thing to do by way of risks. One of those risks listed was the tax position of the funds. I think suggesting professional advice was sought was a responsible thing for SJP to do, and it was for Mr F to decide whether or not to obtain any such advice. SJP provided the details of PensionWise within their correspondence, which is a free service.

As set out at the start of my decision, no complaint has been raised about any advice Mr F may have been given and so it has not been considered here.

Putting things right

I agree that the increased offer SJP have made is fair and reasonable, for the avoidance of doubt I direct St James's Place UK plc to:

- Pay 8% simple interest on both the TFC and remaining fund amount from 16 February to the date they were paid.
- Award £348.08 compensation for loss of expectation and inconvenience caused to Mr F from the service he received.

My final decision

I uphold Mr F's complaint against St James's Place UK plc

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 22 March 2024.

Cassie Lauder
Ombudsman