

The complaint

Mr W and Ms W have complained about the delay in the surrender of their Standard Life International dac ('Standard Life') International bond ('the bond') that they held in trust. They said the process was unwieldy as they had to send forms to each other to sign. They are also unhappy with the time it took to add tax advisers so they could receive information about the bond. These delays have caused them a financial loss.

What happened

All of the parties have provided detailed information and commentary about what happened here. I've summarised this below.

In February 2021 a power of attorney (POA) was sent to Standard Life for in respect of one of the trustees who I'll call Ms PW. The POA allowed Ms W to act on Ms PW's behalf. In March 2021 Standard Life told Mr W that it couldn't accept the POA in relation to the bond as it didn't allow the attorneys to act in the capacity of a trustee. At the time, the value of the bond was £413,878.

On 29 March 2022 a signed surrender form was received by Standard Life. Mr W had signed the form and Ms W had signed it on behalf of Ms PW, using the POA. Standard Life says it couldn't act on this request as the issue with the POA, and Ms PW being a trustee, had not been resolved.

On 31 March 2022 the documentation needed to remove Ms PW from the trust was sent to Mr W and Ms W. On 3 April 2022 Mr W confirmed this would be completed and asked for information about some of the tax implications of the transfer. This information was provided on 8 April 2022. On 25 April 2022 the documentation needed to remove Ms PW from the trust was received by Standard Life. Standard Life say this documentation was not complete as Mr W and Ms W had not fully signed it.

Whilst the above series of communications had been taking place Mr W had also been in contact with his tax advisers, a business I'll call Firm S. On 29 April 2022 Firm S wrote to Standard Life asking for information about the bond.

On 30 April 2022 Mr W gave authority for Standard Life to provide information to Firm S. He also asked for the sale of the bond to be put on hold until Firm S had given him some tax advice. On 2 May 2022 Standard Life confirmed that the surrender wasn't proceeding.

On 17 May 2022 Standard Life contacted Mr W to confirm that all trustees had to give authority for information to be provided to a third party. Ms W provided authority to give information to Firm S shortly after this time. On 3 and 14 June 2022 Mr W asked Standard Life if they could give information to Firm S. But this wasn't possible as Ms PW was still a trustee and couldn't give authority herself.

On 27 June 2022 Ms PW was removed as a trustee. Standard Life say this was done as a concession as properly completed documentation had still not been received. On

11 July 2022 Standard Life confirmed to Mr W that Ms PW had been removed from the trust and that Firm S could now receive information.

On 21 July 2022 Mr W advised that the ownership of the bond should be changed following advice they had been given by Firm S. On 26 July 2022 Standard Life sent a deed of assignment confirming it had to be signed by all the trustees and detailing the process that needed to be followed to assign the bond. On 16 August 2022 Standard Life received the completed deed of assignment. The bond was assigned to Mr W and Ms W on 30 August 2022.

On 8 September 2022 Mr W confirmed he would like the full surrender to go ahead. On 9 September 2022 Standard Life sent the instruction to surrender to the Discretionary Fund Manager (DFM). The DFM sent payment to Standard Life at the end of September 2022. On 29 September 2022, £399,332 was sent to the bondholders.

The trustees have complained to Standard Life. It's worth noting that the first complaint was made in November 2022. Standard Life responded in February 2023 but used an incorrect email address. So, Mr W didn't receive it until after he contacted Standard Life and the response it was provided again in March 2023.

Standard Life initially didn't uphold this complaint. It said that whilst the surrender took a long time this was due to multiple overlapping requests to change the bonds trust and ownership, all of which had to be addressed and completed. These were necessary in what was a complicated surrender process. It didn't think it was responsible for the time the surrender took to complete.

Mr W said he didn't agree and there was some further correspondence. But Standard Life again took a long time to respond. In July 2023 it provided a more detailed timeline of events in which it outlined why it thought the surrender had taken a long time. It didn't think it had materially delayed the surrender but accepted that its customer service could have been better. There was some confusion around one of the trustees addresses and the complaint had taken a long time to be fully addressed. It offered £300 compensation for this which was later increased to £500.

One of our Investigators considered the complaint, but he thought the offer Standard Life had made was fair. He thought that the POA didn't allow Ms W to act on behalf of the trustee. The method that Standard Life offered to remove Ms PW as a trustee was a reasonable solution for this. And all the forms did need to be signed as originals. After Firm S was added as an adviser the bond needed to be assigned, which further delayed the surrender.

Whilst Standard Life's customer service could have been better at times. It generally dealt with things in a timely manner and the transfer took a long time because it was complicated. He didn't think the customer service issues, such as the delays after the bond surrender, caused Mr W and Ms W any financial loss and so the £500 offered was reasonable compensation for this.

Mr W responded to the opinion and didn't agree. He said:

- Six months plus to surrender the bond wasn't reasonable.
- The bond lost around £14,000 from February 2022 to the surrender date of September 2022.
- They lost a property purchase due to the delay, and some of the tax they paid was too high.

- If there were shortcomings with how Standard Life acted then it's not reasonable to say they shouldn't be responsible for these losses.

Our Investigator didn't change their opinion and so the complaint has been passed to me to consider.

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.

As I've outlined above, the surrender of this bond took a long time. And as Mr W has said this caused a financial loss. I've thought about whether this delay was due to the action, or inaction, of Standard Life. And whether it could, or should, have taken steps to mitigate this.

It's worth noting here that Standard Life are not part of the trust or the POA. And their responsibility here is to ensure it is acting on instructions from the trustee or POA correctly. And it is right that it ensured that the instructions were correctly given before acting on them.

The trustees wanted to surrender the bond in March 2022, but I don't think it would be reasonable to say that the surrender could have proceeded at this time. This is because of the trust that the bond was held in and the situation with the POA and Ms PW. This bond held a significant amount of money and Standard Life was right to ensure that this first instruction was correct and that all the parties wanted to proceed. And if the POA didn't give Ms W the power to act on behalf of Ms PW, in respect of the trust, as I agree it didn't, then it couldn't process the surrender. I think this caused the delay at the start of the surrender process and this wasn't due to Standard Life's inaction.

In any event, shortly after this, Mr W informed Standard Life that the investment owners and trustees didn't want to proceed with the transfer as they were taking advice on their tax situation. And they wanted Firm S to provide this advice.

But when Firm S requested some information the same situation as with the original surrender instruction still applied. That is, all the trustees needed to give their instruction to allow Firm S to receive information about the investment. And the trustees were not able to do this when Ms PW was not able to give it herself, and Ms W was not able to act on her behalf.

Mr W has noted that he found it cumbersome to have to sign documents himself, then forward them to Ms W also to sign, and then arrange for these to be sent to Standard Life. And this happened several times. But whilst Standard Life did assist with this, as I've said above, this is because of the trust arrangement the bond was in, and this is the responsibility of the trustees to arrange this not Standard Life.

Firm S gave advice that the bond needed to be assigned and this process was started in July 2022. Again this would require the input and confirmation of all of the trustees (now just Mr W and Ms W) so it did take longer than Mr W would have liked. But I can't see any protracted delay on the part of Standard Life here. And this process was completed at the end of August 2022 which doesn't seem unreasonable given the complexity of the situation.

In early September 2022 Mr W and the trustees confirmed that they would like the transfer to proceed, and this was completed nearer the end of September 2022. Again, there doesn't seem to be a material delay from Standard Life. I can see the DFM was involved with the sale of the bond and this third party seemed to take the longest here to action the surrender.

So, whilst this transfer took longer than I think anybody involved would have wanted, I don't think that Standard Life delayed it materially. I think the delays were largely unavoidable and were affected by the problems in obtaining Ms PW's consent, the POA and the trust the bond was held in. And the further advice taken and the actions that followed this. I don't think Standard Life should compensate Mr W and Ms W for any loss they may have suffered due to the time the bond took to surrender.

Standard Life has said that its customer service could have been improved at times and I agree with this. It did correspond to an incorrect physical address for Ms PW and used an incorrect email address when dealing with the complaint. Which would have been frustrating for Mr W, albeit it didn't affect the time taken to surrender the bond. And it took a very long time to properly consider this complaint.

Standard Life has offered £500 compensation for this, and it acknowledges that it would have caused the consumers a significant amount of distress and inconvenience. I agree with this, and I think this offer is fair given all the circumstances of the case.

My final decision

Standard Life International plc has already made an offer to pay £500 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Standard Life International plc should pay £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W and Mr W to accept or reject my decision before 17 May 2024.

Andy Burlinson
Ombudsman