

The complaint

Mr A has complained about delays in the processing of fund switches within his pension which he says were caused by errors made by abrdrn Alternative Funds Limited ('abrdrn').

Mr A has stated that changes to investment values over the delay period caused him financial loss.

What happened

The chain of events which transpired in this case is well known to both parties and as such I have only included a summary of the key dates in the timeline below.

In January 2023 Mr A changed his financial adviser from Principle and Prosper ('P&P') to a new business I will refer to as 'IFA' throughout the decision below.

Mr A's pension was to remain on the Standard Life wrap with the new IFA consolidating the existing investments held.

The pre-existing investments were held within a P&P managed portfolio and as such abrdrn emailed the IFA on 9 January 2023 to explain what options were available for the new IFA to manage these investments on Mr A's behalf.

The third option provided by abrdrn explained that if no agreement was reached between P&P and the new IFA within 10 working days, the underlying investment funds which made up the P&P managed portfolios would be moved onto the wrap platform and held individually.

It was explained that as some of the underlying investments held within the managed portfolio may not be available on the wrap platform individually, these investment funds would be sold automatically with the cash then held on the wrap platform.

The 10-working day timeframe expired on 23 January 2023.

On 24 January 2023 Mr A's IFA contacted Standard Life to instruct the sale of the existing investments.

As a result of the automatic sale of those investment funds which would not be held individually on the platform around £320,000 of investments were encashed, with around £600,000 remaining invested.

The sale process was completed with the funds being available for re-investment from 30 January 2023 onwards.

Mr A's IFA attempted to re-invest the cash using the abrdrn portal on 1 February 2023 but was unsuccessful. Further attempts to use the portal for re-investment were made on 2, 3, 6, 7 and 8 February 2023.

There were calls between Mr A's IFA on 2 and 3 February 2023. On the final call of

3 February 2023 abrdn confirmed that there was a display issue with Mr A's portal, however there was no impact on the re-investment of the cash funds.

With the funds still not invested, Mr A's IFA registered a complaint with abrdn on 7 February 2023.

The £320,0000 remained in cash until a further telephone call between Mr A's IFA and abrdn on 10 February 2023 at which time the new investments recommended by the IFA were implemented. (I would note here that one of the investments requested was in fact not completed until 13 February 2023)

Abdrn issued their complaint response to Mr A's IFA on 17 February 2023. This stated that the process of selling down investments which could not be held as individual funds had been completed on 30 January 2023 – within the timescales expected. From that point, whilst there had been display issues which impacted the visibility of Mr A's cash holdings, the investments had been sold as required with there were no issues which would have prevented the re-investment of the cash. Abdrn stated they had referred the issue to their technical team who had confirmed there were no functionality issues with the online portal. As such abrdn were not upholding the complaint.

Mr A replied to abrdn's complaint response on 15 May 2023 stating that the outcome was not acceptable and had in fact left Mr A more confused. Unhappy with the abrdn response Mr A referred his complaint to this service in July 2023.

Our investigator looked into things but decided that abrdn had not acted unreasonably and had not caused any delays to Mr A's chosen transactions.

Mr A did not agree, providing commentary from his IFA who stated that they had tried to re-invest the cash funds using the abrdn portal and that were it not for abrdn's errors the pension monies would have been invested earlier than they ultimately were. Our investigator was not minded to change their outcome, and as no agreement could be reached the case has been passed to me for a final decision.

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 have considered the chain of events above carefully and have ultimately reached the same overall conclusion as our investigator, and for broadly the same reasons.

Any decision I make is based on the evidence available, the commentary from the parties involved and the principles of reasonableness and fairness. I would also point out that where the evidence is incomplete, inconclusive, or contradictory, I make my decision on the balance of probabilities – that is, what I consider is most likely to have happened given the evidence that is available and the wider surrounding circumstances.

On 9 January 2023 abrdn explained the process which would be followed in the transfer of Mr A's investments from P&P's control to his new IFA. I appreciate that some of the options explained by abrdn at this time do not appear to be relevant to Mr A or his new IFA. However, the pension monies remained invested in their original funds during this time and as such were not out of the market.

From 23 January 2023 the process of transferring the investments and selling those funds which could not be held individually began, with this being completed by 30 January 2023.

Whilst this would have resulted in some of Mr A's pension monies being out of the market, this timescale was in line with what abrdn had previously explained and is not unreasonable in my opinion.

As such I have focussed this decision on the time between 30 January 2023 and the investments being made on 10 / 13 February 2023.

Mr A (through his IFA) and abrdn disagree about what happened between these dates and why the monies were not re-invested sooner. Neither party can provide evidence which conclusively proves who is responsible for the delay.

Abrdn stated that the IFA was attempting to transact using the wrong process, with Mr A's IFA contesting this, providing screenshots taken during this period showing their attempts to place Mr A's cash into the chosen investments. Having been provided with the screenshots taken by the IFA, abrdn have re-stated that the wrong process was being used, that as the portfolio was to contain an element of cash (and that cash cannot be bought with cash in the way the IFA was attempting) an alternative approach should have been taken by the IFA.

It is impossible for me to know for certain whether Mr A (and his IFA) or abrdn are correct and as such, as above, I need to make my decision based on what I consider most likely given the evidence available.

I have assessed the screenshots provided by Mr A's IFA however these do not show which system is being used, nor do they show any indication of an error message or something similar which would prove a system issue.

Abrdn have been consistent in their stance that the requested transactions could not be completed in the way the IFA was attempting, have stated that their technical team have investigated and confirmed there were no issues with the portal, and have explained how such transactions should have been completed.

Additionally, I have considered the content of the recorded call between the IFA and abrdn on 2 February 2023. On this call abrdn confirm and accept that there was a display issue affecting what balances were showing as available for investment, however are also clear that there was no issue affecting the re-investment of the monies themselves.

I consider this to be contemporaneous evidence in support of the conclusion that there was, more likely than not, in my opinion, no system issue at that time which impacted the re-investment of Mr A's pension monies.

As such I do not believe it is reasonable to hold abrdn accountable for any losses which may have occurred whilst Mr A's funds were held in cash.

I note that the investment of the funds was eventually completed on 10 and 13 February 2023, with there being an additional question as to why one of the investments could not be completed until three days after the rest. However, I again do not believe this is something which I can reasonably hold abrdn accountable for. Had the original re-investment process been completed correctly (on or around 1 February 2023) there would have been no requirement for the subsequent 10 / 13 February 2023 investments, and as such, this potential three-day discrepancy is, in my opinion, a result of the original issue.

Whilst I appreciate this this is not the outcome Mr A wanted, overall, I believe the evidence supports the conclusion reached.

My final decision

In line with the rationale above I am not upholding this complaint and require no further action from abrdn Alternative Funds Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 September 2024.

John Rogowski
Ombudsman