

The complaint

Mr D complains that iPensions Group Limited (iPensions) caused unnecessary delays to the transfer of his Self-Invested Personal Pension (SIPP) to a provider I'll refer to as provider E.

What happened

Mr D had a Platform SIPP with iPensions. I understand that the account was opened in August 2021.

I understand that on 30 November 2022, iPensions wrote to Mr D to ask him to register a financial adviser on his SIPP, or to move to an iPensions Group SIPP that was designed for sophisticated investors who didn't need one.

I also understand that, in December 2022, Mr D wanted to transfer his pension from iPensions to provider E on an in specie basis. iPensions told Mr D that because he wanted to use drawdown, and the process of an in specie transfer could take a number of weeks, it may be better to take drawdown from his existing pension and then transfer.

iPensions works with an investment manager I'll call investment manager J. I understand that investment manager J provides a dealing, valuation and custody platform to iPensions and an online facility to place trades and withdraw money.

On 19 January 2023 Mr D contacted provider E to ask if it was possible to transfer via Origo. The adviser explained that it would be possible but only for a cash transfer. He also confirmed the process could take four weeks but would be dependent on the ceding scheme's timescales.

Provider E received Mr D's instruction to transfer on 20 January 2023 and an Origo request was sent to iPensions on 24 January 2023.

On 6 February 2023, iPensions contacted investment manager J to ask it to deduct its closure fees from Mr D's account so that the account could be closed. Investment manager J replied on 7 February 2023 that it'd received the instruction. iPensions chased investment manager J on 21 February 2023 to ask it to confirm that the fees had been taken, or to confirm when this would be done. Investment manager J replied the following day to confirm that the closure fees had been taken from Mr D's account.

On 22 February, iPensions asked investment manager J to sell down all the investments. Investment manager J replied on 23 February 2023 to say that selling down wasn't something that it would do. It said iPensions should action this.

iPensions contacted investment manager J to ask for access to the platform for the SIPP on 28 February 2023. iPensions was given access to the account on 1 March 2023. Emails between iPensions and investment manager J on 2 March 2023 appear to indicate that iPensions initially had problems accessing Mr D's SIPP. But that after investment manager J updated iPensions' access on 2 March 2023, it was able to sell down all of Mr D's funds.

iPensions contacted investment manager J again on 7 March 2023 as it now needed access to Mr D's account so that it could complete the withdrawal. It also emailed investment manager J on 14 March 2023 to ask it to arrange for the funds to be transferred to it.

Investment manager J replied to ask if this was a closure. If it was, it said it would need to request its closure fees. iPensions confirmed that it was a closure. On 16 March 2023, it requested payment of the funds via CHAPS. Investment manager J made the requested payment.

iPensions said that it received the payment on 20 March 2023 and the transfer was made to provider E on 24 March 2023.

Mr D wrote to iPensions on 21 March 2023. He wanted to know why his funds hadn't been made available during the week containing 9 March 2023. He said he'd been told they would be. He also wanted to know why it'd taken 13 days from the final sale to make the transfer. He felt that iPensions was responsible for the fall in the value of his pension during this time.

Mr D wrote to iPensions on 28 March 2023 to tell it that he'd intended to make a tax-free withdrawal in the 2022/23 tax year. He said that because iPensions had taken too long, he would now have to pay income tax that he otherwise wouldn't have had to pay. He said that he had made iPensions aware of this.

Mr D was unhappy, so he brought a complaint about iPensions to this service in July 2023. He said he'd wanted to take a withdrawal from his transferred funds before the end of 2022/23 tax year. But the delay in the transfer meant that he couldn't do this. He therefore felt he'd paid more tax than he should've paid.

In the 2023/24 tax year Mr D received £13,830 as a gross withdrawal from provider E and then took a further withdrawal of £40,468.44 on 15 August 2023.

iPensions issued its final response to the complaint on 5 September 2023. It addressed the following complaint points:

- Mr D was unhappy with the delay to his transfer from iPensions to provider E
- He'd wanted to take a withdrawal from his transferred funds before the end of the 2022/23 tax year, but the delay in the transfer meant that he hadn't been able to do this.

iPensions said that the process had completed seven working days before the end of the tax year 2022/23. And that, depending on Mr D's new pension arrangement's systems and controls it may have been feasible to put in a withdrawal request within the previous tax year.

iPensions said that the transfer process had taken nine weeks from 24 January 2023 to 24 March 2023 for a number of reasons. It said that the investment manager's platform didn't confirm that its fees had been taken for three and a half weeks. And that this had slowed the process. It also said that the SIPP Mr D had held with it was designed to have a financial adviser assigned to manage it. And that Mr D hadn't had one registered on his SIPP at the time of the transfer. It said it'd emailed Mr D about this on 30 November 2022.

iPensions said that because Mr D didn't have a registered financial adviser, there were additional interactions with investment manager J. It said its senior management had to approve iPensions putting in the instructions to sell Mr D's assets. And that this had caused a process to be completed with investment manager J so that iPensions could issue the

instructions. It said it only received access to issue the instructions to liquidate his investments from investment manager J on 1 March 2023.

iPensions felt that Mr D's financial adviser, who it said had advised him to transfer to an alternative provider a matter of weeks before the end of the tax year, should've advised Mr D to either make the withdrawal before completion of the transfer or to postpone the transfer until the start of the new financial year. It said that transferring pensions was complex and that it could be delayed for a number of reasons. It also said that the transfer had completed within the previous tax year of 2022/23. And that it was outside of its control if provider E couldn't process it in the time available.

Our investigator issued her first view on the complaint on 25 September 2023. She didn't think iPensions had caused any unnecessary delays. She felt that it'd acted reasonably when it'd contacted investment manager J on 6 February 2023, nine working days after it'd received the transfer request from provider E. She also felt that iPensions had needed to contact investment manager J to check that the fees had been collected. And felt it had needed to get authorisation to be able to sell the funds on Mr D's behalf, as he didn't have a financial adviser registered. She felt the iPensions had sent the instructions to Mr D's investment manager in good time. And had chased it for the funds to be transferred to it so that the transfer to provider E could progress.

Mr D then brought a complaint about investment manager J to this service. In investigating that complaint, our investigator received new information which made her issue a second view on Mr D's complaint about iPensions on 23 November 2023.

Investment manager J said that iPensions hadn't needed to ask it to place order instructions or to withdraw money as it could do those things itself. It felt that iPensions had decided not to do that, and had contacted it instead. So it felt that there had been a number of unnecessary interactions in the transfer.

Investment manager J shared a copy of the contract which governed the respective responsibilities of iPensions and itself. It said that iPensions – "The Provider" named in the contract – had an overall and sole responsibility for placing orders. In respect of withdrawals, investment manager J said its responsibility was to pay out money to the client's personal bank account on receipt of an instruction from the Provider. It felt it had done this without delay.

Our investigator issued her second view on the complaint against iPensions on 23 November 2023. She now felt that iPensions was responsible for unnecessary delays to the transfer. Having heard from the investment manager about the service it provided to iPensions, she now felt that the complaint against iPensions should be upheld. She felt that the contract between the investment manager and iPensions showed that iPensions didn't need to ask the investment manager to place order instructions or withdraw money as it could do this itself. She also felt that it wasn't necessary for iPensions to confirm if Mr D could proceed without a financial adviser, as it, as Provider, had access to the account to place trades.

Our investigator felt that iPensions could've placed all of the required sales on 6 February 2023. And that if it had, the sales would've been settled by 9 February 2023, with the money being transferred by 14 February 2023. Based on what had actually happened, our investigator then felt that the transfer to provider E should've happened by 22 February 2023. And if this had happened, she felt that Mr D would've been able to receive his desired withdrawal before 4 April 2023.

To put things right, our investigator felt that iPensions should take the following steps:

- Compare the transfer value of Mr D's SIPP on 6 February 2023 when the sales should've been placed, to the transfer value when the sales were placed. And if there'd been a loss, compensate Mr D for the loss.
- Compensate Mr D for the additional tax he had to pay in the 2023/24 tax year because he wasn't able to complete his intended withdrawal before the end of the 2022/23 tax year.
- Pay Mr D £200 compensation for the trouble and upset the delays caused.

iPensions didn't agree with our investigator. It made the following points:

- It was a SIPP provider. And it didn't have the responsibility for buying and selling investments for its members. The Platform SIPP Mr D was a member of was an adviser-led product. Therefore Mr D needed to have an adviser appointed. And it was the adviser's responsibility to execute the buying and selling of investments which would be carried out through the platform provided by investment manager J. iPensions said that its agreement with investment manager J stated on page one that: *"The Member must appoint a Member's Advisor who, along with the Provider, will alone be authorised to direct, place Orders and manage investments for the Member's SIPP."*

iPensions said that although the agreement stated that it, as the Provider, could place orders and manager investments, it could only do this if it had access to do so. And that it didn't routinely have this access as it didn't normally need it.

iPensions also referred this service to its terms of business which stated, under clause 4.10:

"Upon becoming a Member you will have a view only access to the Platform and your Appointed Adviser will have full access to the Platform on your behalf."

And under clause 7.2:

"Investment Instructions will be placed by your Appointed Adviser directly with the Investment Provider, using the Platform."

iPensions felt that these clauses reinforced its position that Mr D's SIPP was an adviser-led product, where the adviser had the access to the platform. And that instructions would be placed directly by that adviser on investment manager J's platform to execute the buying and selling of investments for Mr D. It felt Mr D would've been aware of this.

- iPensions said that although Mr D had an adviser appointed on his Platform SIPP, he hadn't wanted that adviser to be involved in his transfer. It felt that this decision had led to its additional interactions with investment manager J. And that Mr D ought to have been aware that this would add time to the standard process.

iPensions said that the colleague who had dealt with the matter had 'view only' access to investment manager J's platform. It felt that this had led to the requirement for it to liaise with investment manager J to get full access so that Mr D's transfer could be progressed. It said that the colleague couldn't have traded without full access. And that it was the need to get access permissions that had led to the additional interactions required in this case. iPensions didn't feel that our investigator had considered this point in her view.

iPensions said it was unusual for it to need to place a member's trades directly on investment manager J's platform. This was because Mr D's SIPP was an adviser-led product. It didn't think it should be criticised for helping Mr D to transfer his pension in the way that it had.

- iPensions said that the transfer was made to provider E on 24 March 2023, almost two weeks before the end of the relevant tax year. It said that although provider E had a cut-off date for income requests, there was still plenty of time for it to have arranged an ad-hoc payment before the end of the tax year.

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

I issued my provisional decision on 15 February 2024. It said:

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 don't intend to uphold it. I know this will be very disappointing for Mr D. I'll explain the reasons for my decision.

Our investigator had three reasons for considering that iPensions was responsible for delays to the transfer. There were:

- *She felt that iPensions had failed to place one of the trades until 8 March 2023.*
- *She felt that iPensions hadn't needed to ask investment manager J to deduct the closure fees before placing the sale orders.*
- *She felt that as iPensions was "the Provider" under its agreement with investment manager J, it should've had access to Mr D's account to place trades.*

I don't agree with any of these points. I'll explain why in my decision.

I first considered if iPensions failed to place one of the required trades until 8 March 2023.

Did iPensions fail to place one of the required trades until 8 March 2023?

Our investigator felt that iPensions had failed to place one of the trades until 8 March 2023.

iPensions told this service that this wasn't correct. It said that its contract notes for all the trades had a contract date of 2 March 2023.

I've not been presented with any evidence that iPensions didn't place all of the trades on 2 March 2023. Therefore I can't agree with our investigator that iPensions caused a delay by not placing one of the trades until 8 March 2023.

I next considered if iPensions caused delays when it asked investment manager J to deduct the closure fees before placing the sale orders.

Did iPensions cause delays when it asked investment manager J to deduct the closure fees before placing the sale orders?

Investment manager J told this service that the closure fees could've been taken from the cash balance on the account. And said that the activity of deducting the fees shouldn't have delayed the orders being placed. Because of this, our investigator didn't consider that iPensions had needed to contact investment manager J to ask it to deduct the closure fees

before making the trades required for the transfer.

While I agree with our investigator that it may have been possible for iPensions to have proceeded with the transfer without asking investment manager J to deduct the closure fees first, I don't agree that it was unreasonable for it to have made this request. I say this because if this had been an unreasonable request, investment manager J could've told iPensions what it has since told this service, rather than simply telling it that it had received the instruction to deduct the closure fees.

The evidence shows that iPensions asked for the sale of all the investments as soon as investment manager J told iPensions that the fees had been taken. Therefore, if investment manager J had told iPensions on 7 February 2022 that the closure fees could be covered from the cash balance, instead of confirming it had received the instruction, I think iPensions would've asked for the sale of all of the investments on 7 February 2022. And I'm not persuaded therefore that iPensions request for investment manager J to deduct the closure fees caused material delays to the transfer.

I next considered if iPensions should've had access to Mr D's account to place trades. And if it caused any unreasonable delays to the transfer process.

Did iPensions cause any unreasonable delays?

iPensions first received a transfer request on 24 January 2023. And the transfer to provider E was made on 24 March 2023.

From what I understand, provider E told Mr D that the transfer process could take four weeks. But that it would depend on iPensions' timescales.

I've not been presented with any evidence that Mr D asked iPensions how long it thought the transfer should take. And I've not seen any reference to any specific timescale for transfers out in iPensions' terms of business. Therefore I'm satisfied that it made no commitment to Mr D that his transfer would complete within a certain period.

However, I need to look at whether the time iPensions took to complete the transfer was reasonable. To do this, I've looked at the time it took to complete each step in the transfer to see if things should've completed any earlier.

In addition, I've considered Mr D's point that he'd made iPensions aware that he'd intended to make a tax-free withdrawal from his pension in the 2022/23 tax year.

I've done this because if iPensions knew that Mr D had a specific reason for needing the transfer to be completed by a certain date, I consider that it should've taken steps to try to meet that deadline. And if it didn't think that would be possible, it should've managed Mr D's expectations so that he could take appropriate alternative action.

I first considered the steps iPensions took to complete the transfer.

After the initial transfer request from Provider E, it took iPensions nine working days to contact investment manager J to start the account closure process. As this is within a standard 10 working days service standard, I consider that this is reasonable. It was then around two weeks before investment manager J confirmed to iPensions that it'd taken the closure fees. The day it received this confirmation, iPensions asked investment manager J to sell down all the investments.

iPensions said that as the Platform SIPP Mr D was a member of was an adviser-led product,

it had a requirement for him to have an adviser appointed. That adviser then had the responsibility to execute the selling of investments. It said that Mr D hadn't wanted his adviser to be involved in his transfer. This had meant that, in order to help Mr D transfer, iPensions had needed to request full access to investment manager J's platform, as it didn't routinely have that access, given the adviser-led nature of Mr D's SIPP.

iPensions only received the access it needed to carry out the sales on 2 March 2023, at which point it sold down all of Mr D's funds. The evidence shows that iPensions continued to contact investment manager J to progress the transfer after that. And that it asked investment manager J to transfer the funds to it on 14 March 2023. This was done on 16 March 2023, with the funds reaching iPensions on 20 March 2023. It then completed the transfer to provider E on 24 March 2023.

iPensions considers that it was Mr D's decision to not have his adviser involved in his transfer that led to the additional interactions it then needed to have with investment manager J. It said that it was unusual for it to need to place a member's trades directly on investment manager J's platform, given Mr D's SIPP was an adviser-led product.

From what I've seen, iPensions terms of business require its Platform SIPP members to have an adviser appointed. This is also evidenced in its agreement with investment manager J, which defines the "Member's Advisor" as:

"a financial adviser who is appointed directly by the Member and whom the Provider has notified to [investment manager J] in writing is authorised by the Provider to use the Dealing Service to trade and deal as the Provider on behalf of a Member and/or a Member's Fund."

And which stated:

"The Member must appoint a Member's Advisor who, along with the Provider, will alone be authorised to direct, place Orders and manage investments for the Member's SIPP."

Although this statement suggests that iPensions – the Provider in this agreement - could manage investments for Mr D, this wasn't iPensions normal process. The agreement with investment manager J did allow iPensions to place trades, but its terms of business for the Platform SIPP made it clear that this wasn't its role. I say this because of the wording under clauses 4.10 and 7.2, which I've detailed earlier in my decision. I also note that other clauses in the terms of business make it clear that managing investments wasn't iPensions responsibility. For example, the following clauses:

"5.3 We will act upon and execute your Appointed Adviser's instructions and will offer no advisory or discretionary service (otherwise known as service provided by us on an "instruction-led" basis)."

"6.2 Your Appointed Adviser will submit your investment instructions on your behalf directly on to the Platform."

"6.7 As our SIPP service is provided to you on an instruction led basis it is expected that you retain an Appointed Adviser during your membership."

Therefore, although our investigator felt that iPensions didn't need to ask investment manager J to place order instructions or withdraw money, as it was permitted to do this itself, I don't agree that iPensions caused unreasonable delays to the transfer by liaising with investment manager J. As I noted above, although, under the terms of its agreement with investment manager J, iPensions was authorised to take these actions, it wasn't its normal policy to do so. And it made this clear in its terms of business. Therefore I consider that Mr D

should've known that, in removing his adviser from the transfer process, it was likely to take longer.

I next considered if I've seen sufficient evidence that Mr D made iPensions aware of his intended tax-free withdrawal.

I acknowledge that Mr D said he'd told iPensions that he intended to take a tax-free withdrawal in the 2022/2023 tax year. But the evidence I've been presented with doesn't confirm this. If Mr D is able to provide documentary evidence on this point, I'd be grateful if he could share it.

From the evidence I've seen, Mr D didn't make iPensions aware that he needed the transfer to go ahead quickly so that he'd be able to take a withdrawal from his new pension provider that would be tax-free in the 2022/23 tax year.

Therefore, I'm satisfied that iPensions wasn't aware of any time-sensitive issues which meant that the transfer needed to be carried out quickly. As such, I don't consider that iPensions had any reason to try to process Mr D's transfer any more quickly than it did.

Overall, while I acknowledge that iPensions did have the authority to deal through its agreement with investment manager J, it wasn't its usual practice to do so. So it didn't routinely have access, as it expected a member's adviser to. It made this clear in its terms of business and when it wrote to Mr D in November 2022. The evidence shows that obtaining access took time and extended the transfer process. Therefore I'm satisfied that it was Mr D's decision not to use his adviser for his transfer which made the process take longer.

I'm sorry that Mr D wasn't able to make his intended withdrawal in the 2022/23 tax year. But I can't fairly hold iPensions responsible for any unnecessary transfer delays. And I don't intend to uphold the complaint.

Response to my provisional decision

iPensions made no further points.

Mr D was very disappointed with my provisional decision. He said he had various emails which he felt confirmed that iPensions was well aware of his intentions to make a tax-free withdrawal in the 2022/2023 tax year. He felt he'd missed this tax-free withdrawal because of iPensions' timeframe. Mr D provided a number of screenshots to back up this point.

Mr D also said that neither he nor provider E's adviser had been aware that the cut off for a drawdown payment in the 2022/2023 tax year was 17 March 2023.

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've reviewed the 17 screenshots Mr D provided. But from what I've seen, these show that he only told iPensions on 24 March 2023 about his intention to take a tax-free withdrawal in the 2022/23 tax year. This was the day the funds transferred to provider E. I haven't seen any documentary evidence that Mr D told iPensions before this date.

Therefore I'm not persuaded that Mr D made iPensions aware before the transfer completed that he needed the transfer to go ahead quickly so that he'd be able to take a withdrawal from his new pension provider that would be tax-free in the 2022/23 tax year. And I can't

fairly hold iPensions responsible for the missed withdrawal.

I acknowledge Mr D's point that neither he nor provider E's adviser were aware of the cut off date for a drawdown payment. But I can't fairly hold iPensions responsible for this.

Having considered the points made, they don't change my decision. So I remain of the view I set out in my provisional decision.

My final decision

For the reasons set out above, I don't uphold Mr D's complaint.

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

Jo Occleshaw
Ombudsman