

The complaint

Mrs B complained that Phoenix Life Limited (trading as Standard Life, and which I'll refer to as Standard Life in the rest of this decision) took far too long to organise an inward transfer of her Legal & General (L&G) pension plan.

Standard Life has paid Mrs B compensation for the upset caused and corrected the value of her policy back to the amount it considers it should have been, but she seeks further compensation for six months' worth of stress it caused.

What happened

2 April 2023 – Standard Life confirmed it would organise the electronic transfer of Mrs B's funds from L&G, which she'd noted to be worth about £1,000. It expected the transfer would complete between 30 April and 14 May 2023.

19 April 2023 – Standard Life requested the transfer from L&G via Origo Options, the industry online transfer system.

20 April 2023 – L&G responded that the actual transfer value of the policy was about double the amount requested (Mrs B says she wasn't aware of this.) It asked Standard Life to obtain Mrs B's authority to proceed.

9-10 May 2023 – Standard Life contacted Mrs B and she gave authority to proceed with the transfer.

14 June 2023 – Mrs B contacted L&G to chase the transfer. On learning that it had not been requested she called Standard Life to raise a complaint. The complaints process began at this point, which Standard Life later referred to when it acknowledged the complaint on 20 June 2023.

15 June 2023 – Standard Life requested the transfer again, and told Mrs B in an online message that it had done this.

26 June 2023 – Standard Life received the transfer of £2,106.46 from L&G. It also issued its final response to Mrs B's complaint. It offered £150 compensation for the distress caused and would also complete a fund value comparison exercise to make sure she wasn't disadvantaged. Although this letter was emailed, it was addressed to her old postal address, which she was upset about. Standard Life apologised that it hadn't updated her address.

23 August 2023 – Standard Life contacted L&G to request information for the loss calculations. It needed to know what the transfer value would have been, had the transfer been requested on 20 April 2023. L&G considered it couldn't provide the value to Standard Life and instead sent this to Mrs B directly.

26 September 2023 – Mrs B received the transfer value from L&G and called Standard Life about this. She's explained that as far as she knew, the transfer had already happened – and she had to register for L&G's online portal to discover why it was making contact.

27 September 2023 – Standard Life emailed Mrs B to apologise that its attempts to carry out the fund value comparison had resulted in L&G contacting her. Mrs B remained dissatisfied. She responded that she had expected Standard Life to copy her in on its

correspondence with L&G in the first place.

17 October 2023 – Standard Life confirmed that Mrs B was due an additional £19.18 worth of units in her plan, and asked her to confirm whether she would prefer it paid to her in cash. Mrs B asked for it to be added to the plan.

8 November 2023 – Standard Life confirmed the plan value had been amended (as of 3 November 2023) so that the correct amount of £2,122.42 was applied on 1 May 2023, rather than £2,106.46 on 26 June 2023.

Our investigator didn't think Mrs B's complaint should be upheld. Although she agreed Standard Life had significantly delayed the pension transfer, she was satisfied the monetary correction it made to Mrs B's plan addressed this. And she didn't consider Standard Life acted wrongly in contacting L&G to obtain a notional value as if the transfer had happened sooner. In terms of the £150 paid for the distress caused, she thought this was in line with what this service would have awarded had no payment already been made.

Mrs B didn't agree. In summary, she said:

- She is disappointed that no rules on treating customers fairly apply to her case, as the delayed transfer predated the introduction of the FCA's "Consumer Duty".
- Is there an industry standard time to process a pension transfer?
- Standard Life took a "ridiculous amount of time" to complete its fund value comparison exercise, and it was left to her to insist on this happening rather than it happening automatically.
- She spent far too much time on the phone chasing down why the transfer had stalled, causing stress and anxiety at a time when she was unwell.

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 issued a Provisional Decision on 26 February 2004. As neither party has added further arguments, I've repeated my reasoning below.

Financial loss

It's not in dispute that Standard Life significantly delayed processing Mrs B's pension transfer. To resolve this and assess whether she had suffered any loss as a result, Standard Life says it allowed for a ten working day service standard (plus one further day for Mrs B to confirm the higher value of the L&G policy), before the transfer would ultimately have then been requested from L&G. To this it then added a further seven working days because this was how long it actually took L&G to send over the funds. Adding a total of 18 working days from the next working day after Standard Life agreed to request the transfer on Sunday 2 April 2023 - excluding Bank Holidays - brings forward the date the funds would have been received from L&G to 1 May 2023.

I can also understand why Standard Life contacted L&G directly when it carried out its unit price calculations. Mrs B had already given her permission for Standard Life to liaise with L&G to make the transfer, and it's common practice for providers to attempt to put right delays by asking for retrospective unit prices. The policyholder would be made aware of this when the process is complete. Standard Life felt that it was "very unusual" that L&G was only prepared to provide such information to Mrs B, given that it related to the very transfer she had just authorised. Whilst L&G was obviously entitled to take its own view of the breadth of the authority Mrs B had provided, I don't think Standard Life can be blamed for not anticipating this.

However, Ms B is asking as part of her complaint whether there's an industry standard time to process a pension transfer. The investigator hasn't addressed this, and in order to give an independent review of Ms B's complaint I need to do so.

Industry standards have developed in this area as a result of a consultation originally published in December 2016 by the Transfers and Re-registrations Industry Group (TRIG), made up of trade bodies including the Association of British Insurers and Association of Member-Directed Pension Schemes. These bodies had agreed with the industry regulator, the FCA, to carry out this consultation - after the FCA itself had identified a potential market-wide risk relating to transferring between platforms or products in 2015.

As TRIG noted at the time, *"we would anticipate that if this initiative is seen to be unsuccessful, then there is a likelihood of regulatory intervention from the FCA in the future, in relation to the firms they authorise."* The FCA has publicly welcomed this initiative from TRIG in various market studies it published on investment platforms in 2017, 2018 and 2019. It said it would monitor the success of the initiative for an improvement in transfer times and take further action against firms if this improvement didn't happen.

In an update in August 2017 TRIG disclosed that the FCA was pushing it to consider whether an end-to-end minimum timescale for simpler transfers was achievable. TRIG published its finalised framework¹ in June 2018, and given the exposure I've mentioned this initiative was getting I consider Standard Life ought to have been aware of this.

The framework does indeed suggest a ten working day standard for simpler transfers such as cash payments between pension plans, but it's not the ten days Standard Life used in its calculation. The ten working days is measured from when Standard Life receives the transfer instruction (in this case 3 April 2023 as this was the next working day) and when it receives the payment from L&G. Both the acquiring and ceding scheme are expected to work together to achieve this timescale.

The framework recognises that this is an aspirational standard, so it won't be achieved 100% of the time. I'm not persuaded it makes a difference whether or not the firms involved were members of the industry bodies that established TRIG, as I consider its endorsement by the FCA means that the framework amounts to good industry practice. However, it hasn't been formalised as regulatory rules or guidance and I've taken this into account. There is also the possibility of checks that the ceding scheme is expected to carry out to rule out the risk of a scam in the acquiring scheme extending this overall time slightly. But here that would apply to L&G's part in the overall time, rather than Standard Life's. A short delay was also introduced because of the discrepancy in the value of Mrs B's policy.

Nevertheless in a transfer taking place nearly five years after the framework was published, between two 'household name' pension providers, I'd expect there to be a good reason for the ten working day timescale being exceeded significantly. There is no dispute that it was exceeded significantly in Mrs B's case, and that Standard Life was responsible for this. But the timescale was also in my view being exceeded significantly in the hypothetical dates Standard Life was using to calculate whether Mrs B is better or worse off.

I've taken into account that L&G took seven working days to perform its part of the transfer - but this involved a greater share of the work in carrying out the checks it is expected to on the acquiring scheme, valuing the policy and drawing a payment. There's nothing to suggest Mrs B was unhappy with the time taken by L&G here. Against this, Standard Life is suggesting that it would effectively have done nothing with the transfer request for the first ten working days and then requested it from L&G. I don't consider that to be acceptable.

¹ <https://www.abi.org.uk/globalassets/files/publications/public/lts/2018/trig---industry-wide-framework-for-improving-transfers-and-re-registrations---final.pdf>

Mrs B says she is disappointed that no rules on treating customers fairly apply, but that isn't the case. The FCA's Principles for Businesses have always applied, and those Principles include that a firm must conduct its business with due skill, care and diligence, and pay due regard to the interests of its customers and treat them fairly. In my view Standard Life would have been in breach of those Principles if it had sat on Mrs B's transfer request for ten working days before passing it on to L&G – firstly because it's the convention in the industry for the acquiring scheme to start off the transfer, and secondly taking this long to do so would ensure that the ten working day end to end standard could never be met.

So, in the particular circumstances of this case I consider that Standard Life should have allowed at most five working days in its calculation, rather than ten. This, combined with the time L&G took, would have given Mrs B an overall transfer time in the region of what the TRIG framework was aspiring to. It would therefore have been more reasonable for Standard Life to ask for a value of the L&G policy one week earlier than it actually asked for, and to assume this transfer value was invested in the Standard Life policy one week earlier.

Given the amounts that are involved and the inconvenience already caused to Mrs B when information had to be requested from L&G, I've looked at the likelihood that changing the dates would result in a material improvement in the compensation she would receive. My view is it likely would not, and I've set out my analysis on the attached sheet [this was attached to the Provisional Decision and has been seen by both parties].

Previously, the amount Standard Life added to Mrs B's policy was about £19. Due to the size of the policy, the award I'm making for the distress and inconvenience caused is going to be much more significant. I'm not therefore proposing that any more compensation needs to be paid for Mrs B's financial loss, but I've taken the possibility of a slight difference from changing the calculation dates into account, in setting the level of that award.

Distress and inconvenience

Mrs B has made several comments about how long it took Standard Life to provide her with its pricing calculation. I appreciate that she is already dissatisfied with this – and now I've said I think the calculation should have used different dates, this dissatisfaction may only increase. So, there's an important point I need to make on this.

My role is to consider what went wrong that led to the original dispute – not how well Standard Life has performed in trying to put that right. In other words the Financial Ombudsman Service is here to resolve the complaint itself, not a "complaint about the complaint". The way in which the business handles the complaint isn't one of the activities (such as operating a personal pension scheme) that I have the power to look at.

Businesses must handle complaints according to rules set down by the FCA, which include the timescales for issuing a final response letter and any holding letters before that final response letter is issued. Once eight weeks have elapsed the complainant is entitled to bring their complaint to our service, whether or not it has reached a satisfactory outcome. So, there is an alternative to spending any longer in the complaints process. We don't provide compensation for the inconvenience of having to go through a complaints process, or for upset caused solely because the outcome of the complaints process is different to the solution we would have recommended.

Instead, I've looked at what upset was caused by the events which led to the transfer being delayed. Firstly, it's relevant to note that Standard Life seems to have taken the same approach in requesting Mrs B's transfer of waiting two weeks (to the very day, when Bank Holidays are excluded) before contacting L&G. I've already said this was unacceptable. It then sat on a request L&G sent to clarify the transfer value for over two weeks, which was

again unacceptable. Standard Life has then provided no evidence that it passed on Mrs B's subsequent agreement to make the transfer for over a month. These are egregious delays, and in my view should have warranted more compensation than Standard Life offered.

Mrs B has referred to having to phone Standard Life on numerous occasions and write numerous emails to them. I've taken this into account, although I'm also mindful that most of those provided to me took place after the complaint (which began on the day the funds arrived with Standard Life). The one month gap between Mrs B authorising the transfer at the higher amount (10 May 2023) and her following up the matter with L&G (14 June 2023) also doesn't suggest a high frequency of communication.

Mrs B is seeking more compensation for the upset Standard Life has caused, because it came at a time when she was unwell. Our investigator said its offer of £150 fell within a band of awards we might make where there the delays caused by a business took a reasonable effort to sort out. That's correct, but this band runs up to £300. In my view the fact that Standard Life sat on Mrs B's instructions on three occasions, causing a total delay of two months, warrants a higher amount. I can also appreciate why Mrs B was concerned about Standard Life's record keeping given that it still held an out of date address for her. Taking into account my comments above about the possibility of a slight further loss being caused to Mrs B, I'm going to propose that an overall amount of £300 is paid to her.

Standard Life did apologise to Mrs B in its final response letter. I can understand why from the brief explanation it gave, Mrs B may not feel that Standard Life appreciated the full extent of the delays it caused. The increase I've proposed to its payment takes that into account, but as I've explained above I can't provide Mrs B with compensation for her wider dissatisfaction with how Standard Life went about resolving the complaint.

In response to the Provisional Decision, Standard Life said that it agreed with and accepted my provisional findings. I had offered Mrs B the option of providing further details of how her L&G policy was invested in order for the calculations I attached to the Provisional Decision to be refined. She responded that she had no final points that she wished to add.

My final decision

As neither party has disagreed with the provisional outcome, I'm satisfied that it provides a fair and reasonable way of resolving Mrs B's complaint. I therefore uphold Mrs B's complaint and require Phoenix Life Limited trading as Standard Life to pay her such amount of the £300 total compensation for distress and inconvenience as it hasn't already paid .

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 9 April 2024.

Gideon Moore
Ombudsman