Financial Ombudsman Service

The complaint

Mr A complains that Liverpool Victoria Financial Services Limited ("LVFS") failed to transfer his pension savings to another provider in a timely manner. And he complains that the amount that was ultimately transferred was less than it should have been, either because of an administrative error, or because the investments used for his pension savings were unsuitable for his circumstances.

What happened

Mr A held pension savings with LVFS in a plan that he'd first opened in August 2013. Mr A appears to have received advice from a financial advisor (unrelated to LVFS) on the investments he held within his pension plan. In March 2023 LVFS received a request, via the automated Origo Options system, for the transfer of Mr A's pension savings to another provider that I will call C.

LVFS accepts that it failed to transfer Mr A's pension savings in a timely manner. It says that it needed to undertake some manual checks, but failed to ensure they were completed in a reasonable time. It says that it should have transferred Mr A's pension savings by 14 April at the latest – rather than the actual transfer date of 5 May.

Mr A complained to LVFS about the delays. And he said that the value of his pension savings had fallen considerably from valuations he'd received less than 18 months earlier. LVFS apologised to Mr A for the delay and said that it had asked C to confirm whether the delay had caused him to lose out – but it hadn't received any reply. But it said that it wasn't responsible for any falls in the value of Mr A's pension investments – it said those were as a result of normal market fluctuations. LVFS paid Mr A £200 in compensation as an apology for the delay in completing his transfer request.

In November 2023 Mr A asked LVFS to provide him with a detailed statement of the investments that had been sold to provide his transfer. LVFS later wrote to Mr A to tell him that it was no longer able to provide that information, and could only give him a summary transaction statement. So Mr A brought his complaint, about both the time taken for the transfer, and the value of his pension savings, to us.

Mr A's complaint has been assessed by one of our investigators. She sent Mr A a copy of a detailed statement LVFS had provided to us showing the sales of his pension investments. And she asked LVFS to pay Mr A a further £100 in compensation for the inconvenience he'd been caused by not receiving that information earlier. The investigator also agreed with LVFS's conclusion that it hadn't dealt with the transfer as quickly as it should have. So she set out how LVFS should determine whether the delay had caused any loss to Mr A.

LVFS explained that Mr A had used the transferred monies to purchase a fixed term annuity. So it pointed out that Mr A would receive the same number of annuity payments, just that they would start to be paid a month later. It said it would check back with C to confirm whether the annuity had changed due to the delays to the transfer. And it provided additional information to Mr A about the changes his financial advisor had made to his pension investments in 2021 and 2022. It agreed to pay Mr A a further £100 for the inconvenience he'd been caused.

C later confirmed that Mr A's annuity was actually £0.07 higher each month as a result of the delayed purchase. But Mr A remained unhappy about what had happened. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Mr A accepts my decision it is legally binding on both parties.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr A and by LVFS. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I think it would be helpful to first set out the basis of Mr A's relationship with LVFS, and in particular how that affects the selection of his pension investments. Mr A receives advice from a financial advisor about the investment of his pension savings. I can see that in both 2021 and 2022 that advisor wrote to LVFS on Mr A's behalf to make changes to his pension investments. And Mr A pays a fee to the financial advisor, that is deducted from his pension investments. In the 18 months leading up to the transfer in 2023 those fees had amounted to £618.35.

LVFS did not have any responsibility to ensure that the investments Mr A held were suitable for his circumstances. LVFS was simply responsible for the administration of Mr A's pension account. So any concerns that Mr A might have, about whether the investments he held were suitable for his circumstances and appetite for risk, should be directed to his financial advisor rather than LVFS.

LVFS received Mr A's request to transfer his pension savings to C on 22 March. In line with normal industry practice I would expect LVFS to have completed that request within 15 working days. So Mr A's pension savings should have been transferred to C by 14 April (after taking account of the two bank holidays in that period). So I agree with LVFS's analysis about the delay that was caused to Mr A's annuity being set up. But, LVFS correctly calculated the value of Mr A's pension savings as at the day after it received the transfer instruction. So the amount it transferred to C was correct despite the delay.

As I said earlier, C has told us that, by delaying the annuity purchase by one month (due to the delay in the funds being sent by LVFS), Mr A's annuity is around 7p per month higher. So the amount of annuity he receives each month is greater than he would have received had nothing gone wrong. And since Mr A has purchased a fixed term annuity (rather than a whole of life annuity) the number of payments he will receive will not be affected by the delay. He will still receive 180 monthly annuity payments.

So whilst there is no doubt that LVFS's failure to complete the transfer in a timely manner will have caused frustration to Mr A, I haven't seen anything that would make me think that he has lost out financially. The amount that was transferred to C was calculated at the point that the transfer was instructed – so wasn't influenced by any delays. The number of annuity payments that Mr A will receive remains the same. And the amount of each monthly payment will actually be marginally higher as a result of the delay.

It is disappointing that LVFS initially failed to provide Mr A with the information he requested showing the breakdown of the pension monies that were transferred to C. Had it done so, one part of Mr A's complaint might have been resolved much earlier since he would have been able to see that the shortfall in their value was caused by market changes rather than LVFS failing to transfer all his investments. I haven't seen any reason why that information couldn't have been provided when Mr A asked for it.

But the provision of that information wouldn't have had any impact on the value of Mr A's annuity. It seems to me that the monies LVFS transferred were a fair reflection of the pension investments that Mr A held. And his request for the information was made several months after the annuity had been purchased. So again, although LVFS's failures would have caused frustration to Mr A, they didn't cause him any financial loss.

When Mr A complained to LVFS it paid him £200 as a gesture of goodwill and to represent the inconvenience he'd been caused. Our investigator thought that a total payment of £300 would have been more appropriate. I've thought carefully about what I think should be paid in circumstances such as these. Having done so I share the conclusion reached by our investigator – that a total payment for Mr A's inconvenience of £300 would be fair and reasonable. So, unless it has already done so, LVFS should pay Mr A the further sum of £100 (making a total payment of £300) for the inconvenience he has been caused.

My final decision

My final decision is that I uphold a part of Mr A's complaint and direct Liverpool Victoria Financial Services Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 September 2024.

Paul Reilly
Ombudsman