

## **complaint**

Mr H is unhappy with the way Friends Life Limited dealt with his request to transfer his pension policy to a new provider.

## **background**

Friends Life received an instruction from the new provider on 20 February 2015 to sell the units Mr H held in two tracker funds.

After transferring to the new provider Mr H wanted to invest £100,000 of the sale proceeds in the new Woodford Patient Capital Trust. This fund was to be launched on 16 April 2015. Mr H asked for the rest of the proceeds from the sale to be invested in the Scottish Mortgage Investment Trust. This instruction was sent to the new provider on 8 April 2015.

There was unfortunately a delay in the sale of the two tracker funds. These weren't sold until 23 April 2015 and the subsequent investment in the two new funds was delayed.

Mr H complained to Friends Life. It was agreed between Mr H and Friends Life that the loss he had suffered as a result of the delay in investing in the Woodford Patient Capital Trust was £5,000. But agreement wasn't reached on the loss suffered as a result of the delay in investment into the Scottish Mortgage Investment Trust. Friends Life thought that Mr H had gained as a result of the delay.

One of our adjudicators considered the complaint. He issued an initial adjudication upholding the complaint and setting out a proposed method of redress.

Following a response from Mr H the adjudicator then issued a slightly revised assessment. He upheld the complaint and Friends Life agreed. But after calculations took place the adjudicator thought that, had the transfer been carried out with no errors or delays, the current value of Mr H's investment in the Scottish Mortgage Investment Trust would be lower than it was now i.e. he had gained from the delay on this investment.

The adjudicator said it was fair and reasonable for Friends Life to offset this gain against the agreed loss suffered on the other investment.

Mr H didn't agree with the adjudicator's calculation and the case was then referred to an ombudsman.

I issued a provisional decision on 5 May 2017 in which I agreed that the complaint should be upheld but I proposed a different redress calculation.

Mr H did not agree with the redress methodology set out in my provisional decision and supplied a detailed spreadsheet setting out what he would have done.

Mr H stated that:

- On 20 February 2015 he would have sold his existing two holdings.
- On 27 February 2015 he would have reinvested £100,000 in the former funds but with the new SIPP provider and the balance in the Scottish Mortgage Investment Trust.
- On 8 April 2015 he would have sold the two holdings in his new SIPP.

- On 15 April 2015 he would have reinvested £100,000 in the Woodford Patient Capital Trust and the balance in the Scottish Mortgage Investment Trust.

Under this scenario Mr H would have been able to purchase 63 fewer shares in the Scottish Mortgage Investment Trust. On 7 May 2015 these were worth £257. Mr H has acknowledged that this gain should be offset against the loss on the Woodford Patient Capital Trust investment.

This calculation was sent to Friends Life which has agreed that the calculation proposed by Mr H was reasonable.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As both parties are in agreement about the way to resolve this complaint and as I think the proposals are broadly fair and reasonable, it follows that I uphold this complaint and Friends Life should pay the agreed redress.

### **my final decision**

I uphold this complaint against Friends Life Limited.

I direct Friends Life Limited to pay to Mr H:

1. £5,000 for the loss on the Woodford Patient Capital Trust.
2. Less the value of the 63 shares in the Scottish Mortgage Investment Trust that Mr H has gained.
3. Plus £500 for the distress and inconvenience he has suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 January 2018.

Adrian Hudson  
Ombudsman