

The complaint

Mr B complains about the service he received when, following a pension switch, Interactive Investor Services Limited ("II") received a top-up payment from his ceding scheme which I'll refer to as "Provider L". He considers that delays caused by II resulted in a financial loss for which he'd like to be compensated.

What happened

I issued a provisional decision on 22 December 2023. I've recapped the background below:

Mr B held a Group Personal Pension (GPP) with Provider L and a SIPP with II. In January 2023, Mr B decided to transfer the proceeds of his GPP to his SIPP. Unfortunately, due to errors made by Provider L, Mr B's pension switch was delayed. Provider L accepted that Mr B had suffered a financial loss as a result and agreed to send a top up payment to his SIPP with II in recognition of this.

On 10 March 2023, Provider L made an internal request for the top up payment to be sent to II. It wrote to Mr B on the same day confirming that the payment had been sent.

Provider L emailed II on 14 March 2023, advising that it had sent a top up payment for Mr B's SIPP. The top up payment reached II's accounts on the same day. However, as the payment details Provider L provided weren't enough for II to reconcile the payment with Mr B's SIPP, an internal email was sent to II's staff on 16 March 2023, attempting to identify who and what the payment related to.

In the absence of any confirmation that the top up payment had been applied to his SIPP, Mr B contacted Provider L on 21 March 2023, querying where it was. Provider L responded, assuring Mr B that the payment had been made on 10 March 2023 and was assumed cleared into II's account on 14 March 2023. It provided a screenshot of the payment having been made and suggested that Mr B speak with II so it could locate the payment at its end. Mr B later contacted II, asking where the payment was and saying he expected compensation for the delay in it being applied to his SIPP.

II responded, explaining that although it received the top up payment on 14 March 2023, the reference Provider L submitted hadn't matched any of the accounts it held, so it hadn't known where the payment was supposed to be allocated. Because of this, it was unaware that the payment belonged to Mr B until he contacted it directly and confirmed the top up payment amount. It also noted that it had emailed Provider L on 15 March 2023, querying the payment but received no reply. Soon after this, on 23 March 2023, II was able to locate the funds and apply them to Mr B's SIPP.

On 24 March 2023, Mr B forwarded II's response to Provider L, asking why it hadn't provided the correct reference with the top up payment, or responded to II's query about this. Provider L replied saying it never received an email from II about the top up payment it sent. However, it said it had since arranged for a payment confirmation email to be sent to II. Finally, Provider L said the details it used for the top up payment were the same used for the first transfer of Mr B's GPP funds, so it disagreed that it had done anything wrong.

Provider L emailed II on the same day with confirmation of the top up payment. II responded, saying it couldn't open Provider L's secure emails and would need a 'regular' email to be sent instead. Provider L emailed II again, asking which address to send its top up payment confirmation letter to. II replied saying that as well as not receiving a completion statement for the top up payment, it was still waiting for a statement for the original transfer. II provided the postal and email addresses Provider L needed to send the confirmation statements to.

Using secure email, Provider L later sent confirmation of the top up payment to II's designated mailbox. Following this, it forwarded the email to the II contact it had previously been communicating with. Provider L added that it had sent II confirmation emails about the top up payment on several occasions and noted that Mr B was becoming increasingly frustrated as he'd thought that it hadn't completed the payment it said it would. Accordingly, Provider L asked II to ensure the top up payment was applied to Mr B's SIPP and that appropriate confirmation was sent.

II responded, saying that as previously explained, it couldn't access Provider L's secure emails. It said it hadn't been aware that the top up payment was coming in for Mr B and noted that Provider L had provided a reference for the payment which didn't correspond with any of its references. II explained that it was only after several calls with Mr B that it had been able to locate and apply the top up payment on 23 March 2023.

On 27 March 2023, Provider L sent II a screenshot of the top up payment it made, saying it showed that the correct reference had been used.

Mr B later raised concerns with Provider L and II respectively about the service he'd received and the financial impact of this.

In its response to Mr B, Provider L sent a screenshot of the top up payment sent to II, saying it showed that it had used the correct reference. It noted that there was no evidence II had tried to contact it to determine what the payment was for until Mr B had contacted it, and it said that if II had done so, it could've cleared up any confusion.

II responded to Mr B's complaint, saying the top up payment wasn't reconciled with Mr B's SIPP as soon as it could've been because Provider L failed to provide the reference required to make the match. It disagreed that it had caused any undue delays allocating the top up payment to Mr B's SIPP.

Unhappy with Provider L and II's responses, Mr B referred his complaints to our Service. One of our investigators considered both complaints and, in summary, said:

- Provider L hadn't used the correct reference to make the top up payment. And because of this, II couldn't immediately identify where the payment was supposed to be applied.*
- Although Provider L sent II a payment confirmation on 14 March 2023, which included the information II needed to identify that the payment was meant for Mr B's SIPP, this cross-referencing wouldn't have been necessary if Provider L had provided the correct reference in the first place.*
- Provider L wasn't wholly responsible for the fact that it took until 23 March 2023 for the top up payment to be applied to Mr B's SIPP. By not contacting Provider L to query the payment or flag that it was unable to open the payment confirmation email, II failed to take reasonable steps to avoid any delay to the payment being applied.*
- The top up payment should've been applied to Mr B's SIPP on 14 March 2023, so Provider L should establish what, if any, financial loss Mr B suffered as a result of this*

not happening. Where a loss was identified, Provider L and II should each pay 50% of this into Mr B's SIPP.

- Given the time and energy Mr B spent trying to resolve the top up payment issue, as well as the frustration cause, a payment of £100 by Provider L and II respectively was fair in the circumstances.*

The parties disagreed with our investigator's findings. In summary:

- Provider L maintained that it had provided the correct reference for the top up payment and wasn't responsible for II's inaction following its receipt of the funds.*
- II said Provider L's use of the incorrect reference was the root cause of the top up payment being applied late. It disagreed that it hadn't taken appropriate action to reconcile the payment with Mr B's SIPP.*
- Mr B felt the compensation recommended by the investigator was too low given what he'd experienced while trying to deal with the matter.*

As no agreement could be reached, the matter was passed to me for decision. And my provisional findings were as follows:

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'm not intending to uphold it. I'll explain why. But before I do, I should emphasise that while I've taken note of the arguments made by all the parties involved, I've limited my response to the issues I consider to be central to this complaint. That's to say:

- What information II required from Provider L to reconcile the top up payment with Mr B's SIPP as quickly as possible, and whether this was provided when it should've been.*
- Whether II's acts or omissions resulted in the top up payment being applied to Mr B's SIPP later than it should've been.*

The parties in this case agree that the reference Provider L needed to submit with the top up payment to ensure it was applied to Mr B's SIPP without delay, was the same reference II advised it to use for Mr B's original pension switch. Although Provider L says it provided this reference when it sent the top up payment to II, the available evidence doesn't reflect this.

The internal email Provider L sent to begin the process for making the top up payment shows that it failed to ensure the correct payment reference was used from the outset. Although the relevant reference was provided in the email, it wasn't referred to as the "Payment Reference". Instead, it was incorrectly labelled as the "Account Name". And to add further confusion, the "Account Name" details Provider L was also meant to provide weren't included in the email at all.

I've considered the payment request screenshot which Provider L says shows it provided the correct reference when making the top up payment. However, the screenshot shows that Provider L made further errors, like those in its internal email. Again, the payment reference wasn't provided in the "Reference" field of the payment request. Instead, a number completely unrelated to II – Provider L's internal payment request authorisation ID – was given. And the top up payment reference details were captured in the "Payee" field.

Based on inconsistencies with how Provider L referred to the payment reference during the processing stage, I think it was foreseeable that when the payment reached II's account the reference required to match it to Mr B's SIPP might not be provided. As II made Provider L aware of the reference needed, I'm satisfied it met its obligation to make Provider L aware of

what it needed so the payment could be applied to Mr B's SIPP as soon as possible. I haven't seen anything which persuades me that the fact this didn't happen is because of any act or omission by II. In my view, Provider L had the significant and overriding responsibility to take steps in the lead up to the payment being made to ensure II was provided with the right reference. By not doing so, it's clear to me that the delay in the top up payment being applied to Mr B's SIPP was caused by Provider L, not II.

II has confirmed that under normal circumstances, where the correct reference is provided with incoming funds, a payment will be applied to an account within one working day of it being received. So, if everything happened as it should've, Provider L's top up payment would've been received by II on 14 March 2023 and applied to Mr B's SIPP the following day – on 15 March 2023. In Mr B's case, the funds weren't applied until 23 March 2023. It took six working days for the top up payment to be matched to Mr B's account when it should've only taken one.

I've considered whether upon receiving the top up payment, II took appropriate action to try to reconcile it with the right account. Having done so, I think it did. Although Provider L sent II a payment confirmation email on the same day the funds were received on 14 March 2023, this email was, as I understand it, a mere formality. Its purpose wasn't to put II on notice of the incoming funds or replace the requirement for Provider L to submit the correct reference with its payment in the first place. So, I don't think it's fair to say that by not accessing L&G's confirmation email on 14 March 2023 and using the details contained within to make the connection between the unallocated payment and Mr B's SIPP, II caused or contributed to the delay in the payment being applied.

II has said that having been unable to allocate L&G's top up payment, it emailed L&G on 15 March 2023, asking which customer the payment was for. Further efforts were made by it on 16 March 2023 when it sent an internal email to staff about the matter. It's unfortunate that neither of these actions resulted in the top up payment being reconciled with Mr B's SIPP. But given the circumstances, I'm satisfied that II took reasonable steps to try to address the issue.

Ultimately, it was a call from Mr B on 21 March 2023 which alerted II to the fact that L&G's top up payment was meant for him. Soon after this, the payment was allocated to Mr B's SIPP account.

It's disappointing that the top up payment wasn't applied to Mr B's account as early as it should've been. I have real sympathy for Mr B and can appreciate the frustration this caused, especially given his earlier experiences with Provider L. However, while II was clearly an involved party in the matter, I haven't found anything which leads me to conclude that II's actions fell so short of what I'd expect in these circumstances such that I'd conclude it was responsible for the delay in the top of payment being applied and any financial loss Mr B may have sustained as a result.

I invited Mr B and II to respond to my provisional decision. II didn't reply. Mr B replied and, in summary, said:

- II should've applied the top up payment to his account sooner than it did and should pay compensation for not doing so.
- II's handling of his complaint was poor. Specifically, it didn't try to improve or resolve things.

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.

Having done so, my decision remains the same as before (and as set out above). That means I'm not upholding Mr B's complaint for the reasons I've previously given. However, I'll respond to the comments Mr B made following my provisional decision.

Although Mr B feels II should've applied II's payment to his account sooner than it did, I'm afraid that based on the available evidence, I'm unable to agree. I haven't seen anything which persuades me that given the circumstances in this case II didn't take appropriate and timely action following receipt of the top up payment.

Without the reference needed to reconcile the payment with Mr B's account, II acted swiftly contacting L&G within one working day, asking who the payment was for. Within two working days of the payment being received, II sent an internal email to staff with a similar query. It's unfortunate that neither of these steps resulted in the payment being identified as intended for Mr B's SIPP. However, I don't think this is because of any failing on II's part. II met its obligation to make Provider L aware of what was needed for the payment to be applied to Mr B's SIPP as soon as possible. If Provider L had met this requirement, the payment would've been applied to Mr B's account when it should've been – on 15 March 2023 – without any need for II to carry out further investigations.

I recognise that three working days passed between II's internal email and Mr B contacting it with details to help it reconcile the payment with his SIPP. However, I don't think this was excessive. I can't fairly say that I would've expected II to have done more in the circumstances, or that it was ultimately at fault for it taking until 23 March 2023 for the payment to be applied.

For these reasons, I'm unable to agree that II should pay Mr B the compensation he's seeking.

I understand that Mr B remains unhappy with the way II handled his complaint. However, as our investigator explained previously, this isn't something which falls within the scope of our service's jurisdiction.

The rules that our service operates under are set out in the Dispute Resolution (DISP) rules section of the Financial Conduct Authority (FCA) handbook. Section 2 of DISP sets out the things we can and can't help with. DISP 2.3.1R explains that we can only consider complaints that relate to an act or omission by a firm in carrying on one or more of a specific list of activities. And then goes on to provide a list of all the activities that would qualify.

The manner in which a business handles a customer's complaint isn't listed or included within the category of 'regulated activity'. It has also been established through case law that complaint handling is not a financial service. So, while I appreciate this will be disappointing to Mr B, II's handling of his complaint isn't something that our service has authority to investigate or comment on.

My final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 January 2024.

Chillel Bailey

Ombudsman