

The complaint

Ms F complains that HUB Financial Solutions Limited (HUB) took too long arranging the transfer of her occupational defined benefit (DB) pension scheme. She went on to say that because of their delays, her transfer value decreased significantly.

Ms F wants HUB to compensate her for the difference between the original and later transfer value she was subsequently offered.

What happened

In February 2022, Ms F had a telephone meeting with a representative from HUB. The purpose of the conversation was to discuss, at a high level what options she had with her occupational pension DB scheme. During that discussion, an agreement was made to explore Ms F's options further and progress to another appointment. HUB contacted the scheme administrator for additional information about Ms F's pension the same day and later booked an 'abridged advice' appointment for 15 March 2022. Having completed the abridged advice meeting, the HUB representative determined that it would be appropriate to proceed to full pension transfer advice and arranged a further follow-up meeting with Ms F on 28 March 2022.

At the meeting on 28 March 2022, the HUB representative concluded it was appropriate to transfer Ms F's pension and set about preparing a suitability letter with the supporting information to send to her. Unfortunately, the guaranteed transfer value that was provided by the scheme administrator expired on 31 March 2022 before the transfer could be enacted.

After receiving an updated transfer value from the scheme administrator, Ms F was disappointed to see it had decreased in value by £33,000. Ms F decided to still proceed with the lower transfer value and moved her DB scheme to a new personal pension. Shortly afterwards, Ms F decided to formally complain to HUB. She said she was unhappy that HUB had delayed transferring her pension. She also said, in summary, that had they acted more promptly in their undertakings, she believed the transfer could have been completed before the guaranteed transfer value had expired. She asked HUB to recompense her for the £33,000 she believed she'd missed out on because of their delays.

After reviewing Ms F's concerns, HUB declined her complaint. In summary, they said that having looked at the chain of events that took place, they were satisfied they'd acted in a timely manner. They also pointed out that at the start of their discussions, they highlighted to Ms F there was no certainty they'd be able to move her pension before the guaranteed date on her transfer paperwork expired.

Ms F was unhappy with HUB's response, so she referred her complaint to this service. In summary, she repeated the same concerns she'd set out to HUB – that she was unhappy about the length of time it took HUB to sort out the transfer and the fact that their delays, in her opinion, had resulted in a loss to her.

The complaint was then considered by one of our Investigators. He concluded that HUB hadn't treated Ms F unfairly. He said that having looked at the timeline of events that took place, he could only identify around four days where HUB hadn't acted in a timely manner. He felt that had it not been for those delays, the transfer still couldn't have been undertaken in time to stop the guarantee date expiring.

Ms F, however, disagreed with our Investigator's findings. In summary, she said that there were inconsistencies with HUB's timeline. Specifically, Ms F said:

- The 17 March 2022 letter explaining she should move from abridged to full advice wasn't received until 24 March 2022. Ms F believes it was only sent to her after she called HUB's helpdesk on 22 and 23 March 2022. In addition, she pointed to HUB's complaint resolution letter of 27 October 2022 that explained the file was sent for peer review on 16 March 2022. That meant, she feels, that the letter was actually ready to be sent on 17 March 2022.
- Ms F also said that HUB was aware of how urgent the need to process the transfer had become on 28 March 2022 when they spoke to an adviser there. She says HUB knew at that stage how pressing the deadline was because they'd already been told by the pension administrator that they wouldn't be able to extend the deadline. She felt this was particularly pertinent given HUB's close working relationship with the scheme administrator (who pay a portion of HUB's fees).
- Given HUB only needed to sign a certificate recommending the transfer, Ms F felt the original transfer value could have been locked in earlier.
- Ms F stated that HUB's initial mistake in requesting the incorrect pension details from the pension administrator, along with the delay in issuing the welcome pack to her, contributed to the delays.

Our Investigator was not persuaded to change his view as he didn't believe Ms F had presented any new arguments he'd not already considered or responded to. So, Ms F then asked the Investigator to pass the case to an Ombudsman to review that outcome.

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 have summarised this complaint in far less detail than Ms F has done and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this; our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Whilst I fully understand the strength of feeling Ms F has about the issue, I'm not upholding her complaint and it's for broadly the same reasons as our Investigator. I appreciate that's probably not the news Ms F was hoping for, but I'll explain why below.

I can understand Ms F's frustration that the transfer of her pension didn't proceed as quickly as she felt it should have. I can also well appreciate her concern at seeing the second

transfer value that she was offered decrease. In complex transfers such as that of a DB scheme, there are several parties that need to be involved in the process, not just externally to HUB but also within HUB itself. But it's important for me to say, this decision focuses solely on the actions of HUB whom this complaint is against.

Ms F's pension promised to pay her a guaranteed income for life at scheme retirement age. The regulator, the Financial Conduct Authority (FCA) takes the view that in most instances, because of that guarantee, it's normally in the consumer's best interests to leave these types of pensions where they are, not least because of the other valuable benefits they also provide.

Given the consequences of inappropriate advice, the FCA has placed a significant focus on this area of the financial planning market. As such, it expects firms that provide advice on such transfers to undertake detailed analysis prior to making any recommendation to move away from a DB scheme. So to be clear, these types of transfer are never simple and take far longer than ordinary money purchase to money purchase pension switches.

The first step in the transfer process is obtaining a cash equivalent transfer value (CETV) from the scheme administrator. The CETV document sets out a range of important information for the member. It explains in detail the benefits the scheme provides and what the trustees would be willing to pay Ms F to transfer those benefits elsewhere, thereby giving up the right to a future pension income in the scheme. The lump sum offered in the CETV is only valid for 90 days though. That's because in reaching that figure, the trustees have had to use a number of assumptions about, amongst other things, interest rates, investment returns, scheme liabilities and longevity which all have a bearing on the lump sum offered. And, all those factors regularly change, so the lump sums tabled by trustees alter to reflect that.

Ms F obtained a CETV from the scheme administrator in January 2022. When she first approached HUB for advice on 17 February 2022, the CETV was already a month and a half old. That only gave HUB 31 working days (or six weeks) to undertake their assessment, conduct the necessary research and appointments, make their recommendations and complete the transfer paperwork otherwise the transfer value would expire and a new one would be needed. So, that meant HUB only had 50% of the usual time other businesses are provided to undertake that work. And, it seems to me, that's at the heart of the problem.

From what I've seen, HUB tried to manage Ms F's expectations about the length of time such transfers take right at the beginning of their interactions with her. In their February 2022 call, HUB explained that facilitating her transfer *"with six weeks, it's doable but it could be very tight. So I obviously can't guarantee that we would get through"*. HUB's representative again repeated that completing everything by 31 March 2022 wasn't guaranteed. I also think Ms F understood that it would be challenging because it was her who asked whether completing everything by 31 March 2022 would be an issue. From their discussions, it appears clear to me that Ms F understood that if the deadline wasn't met, they'd need to request a new transfer value and importantly, that value could be different than the current transfer offer. So, it's my view that Ms F went into her transfer journey with HUB in a clearly informed position that there were no certainties that the advice could be finalised by 31 March 2022 and also, what the implications were if they'd not managed to get everything transacted by that point.

So, having informed Ms F of the risks of exceeding the 31 March 2022 deadline, I've considered the actions of HUB during those six weeks. I'm not planning on repeating the timeline in my decision because it's well known to all parties – HUB have covered it in their complaint resolution letter, Ms F has provided a detailed breakdown, as has the scheme

administrator and our Investigator also set out the main dates. So, I have focused on the key events that I think are relevant.

Having undertaken an initial call with Ms F on 17 February 2022, HUB wrote to the scheme administrator the same day seeking further information about her pension. The scheme administrator returned that request on 28 February 2022 as HUB had omitted some information. HUB responded to the scheme administrator two days later. A further two days passed when HUB received the information they requested (4 March 2022), so a total of four working days were lost by HUB's error which they've already conceded was the case. The next working day, HUB said that they issued their welcome pack. An abridged advice appointment was then booked with Ms F for the following week after she'd completed HUB's online fact-find on 10 March 2022.

An abridged advice process is important as it allows firms the opportunity to explore, at a high level, whether transferring the DB scheme should be considered further before the consumer starts incurring large costs. The outcome of that meeting (on 15 March 2022) determined it would be appropriate for Ms F to receive full advice. A letter confirming that was issued to Ms F on 23 March 2022. Ms F felt that there was an unnecessary delay at that point. However, HUB explained that despite their abridged advice letter being dated 17 March 2022, it was only sent on 23 March 2022 – that's because it had to be sent for checking before being issued. Given the move from abridged to full advice is a pivotal point in the advice process, I don't think it's unreasonable for HUB to want to ensure they're satisfied it's the right path for the consumer to take, particularly given the increased costs that would follow for Ms F.

The following week, Ms F had an appointment on 28 March 2022 to receive 'full advice'. And at that meeting, HUB's representative determined that it was in Ms F's best interests to transfer her DB scheme. The transfer guarantee expired 3 days later and so there wasn't enough time between the full advice appointment and the guaranteed deadline to prepare, issue and complete all of the supporting paperwork.

Ms F said that given HUB only needed to sign a certificate recommending the transfer, she felt the guaranteed value could have been locked in before the deadline. However, it's not as simple as that. Before HUB could complete the respective transfer paperwork, it needed to have issued the suitability report to Ms F beforehand. That would've allowed her the opportunity to read and reflect upon the risks of the transaction she was undertaking. So, HUB could only sign the certificate *after* Ms F was in receipt of the suitability letter. Had HUB signed the transfer certificate and submitted it to the scheme administrator before they'd issued the suitability letter to Ms F, HUB would've been in breach of the regulator's rules.

The Regulator set out their expectations of businesses on the timing of suitability letters in their publication 'FG21/3 Advising on Pension Transfers'. Whilst Ms F's transfer value expired on 31 March 2022, HUB would've needed to have sent the suitability report to Ms F *prior* to that date, to read before making a commitment to proceed. Given the volume of information the suitability report contains, that window would've also allowed HUB to satisfy themselves Ms F understood the risks she was entering into and also given them sufficient time to complete and submit the application forms to the DB administrator. And, in this instance, there wasn't enough time to do that before the guarantee expired, which I don't believe is the fault of HUB.

After completing the full advice meeting on 28 March 2022, HUB have said that the suitability report was sent to their compliance team the following week for review and approval. Having received the suitability report on 6 April 2022, HUB's compliance team signed it off some four working days later. When I consider the amount of work involved in preparing a DB transfer suitability report, together with the associated supporting documents and the

necessary compliance oversight checks, I don't believe those timescales are unreasonable in this instance.

So, whilst there may have been a small number of days (four) that HUB could have shaved off the total time they took to reach the final stage of the process, I don't think it would have resulted in them concluding the transfer before the 31 March 2022 deadline date.

I appreciate from the comments Ms F has made to this service, that she feels HUB could've done more to push the transfer through before the deadline. However, as I've already explained, the regulator places significant scrutiny on transfers of this nature. They expect firms to conduct such transfers in a tightly controlled and measured manner. That means they expect HUB to have in place a number of checks and balances along the way and to make sure that the consumer has all of the necessary information beforehand so they receive a fair outcome. And, as I've already explained, that process consequently takes more time than a normal pension switch because of the analysis and different parties involved. And, it's important to acknowledge it's even more challenging when the advice firm is only provided with around half the normal time.

Whilst I appreciate Ms F is disappointed that the transfer value decreased, it's also the case that once the scheme administrator had re-run the calculation, conversely, it could've also gone up in value. It doesn't necessarily follow that transfer values will always go down. I also think Ms F understood this because in her call with HUB in February 2022, she stated *"fingers crossed the transfer value wouldn't have changed much anyway...hopefully it might have gone up"*. And, previous cases submitted to this service have shown that to be the case. So, just because HUB couldn't get the transfer value extended, neither they or Ms F would have known for certain whether the updated transfer value would increase or decrease.

I know Ms F thinks HUB should've done things differently. But, I can only make an award if I'm satisfied that HUB didn't act as they should have done.

Setting aside the four days I've already highlighted, I don't think there were any unnecessary delays on HUB's part throughout the process. I don't agree that Ms F was treated unfairly and, in my opinion, HUB managed Ms F's expectations. I don't think that HUB is responsible for the reduction in the transfer value or any investment loss because the transfer value wasn't available to be invested by 31 March 2022.

So in summary, having carefully considered the respective timeline and chain of events that took place, I've seen nothing to persuade me that HUB didn't act in a reasonable and timely manner when advising Ms F. As such, I'm not upholding Ms F's complaint and I won't be instructing HUB to take any action.

My final decision

I do not uphold the complaint and will not be asking HUB Financial Solutions Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 15 September 2023.

Simon Fox
Ombudsman