

The complaint

Mr T complained that Interactive Investor Services Limited (Interactive) contributed to the delays he experienced when trying to move his pension funds.

What happened

In August 2020 Mr T decided to move his self-invested personal pension (SIPP) from Provider B to a new platform, and ultimately, he chose to transfer to Interactive.

Mr T says he chose to move all of his SIPP investments into cash before making a transfer instead of making an in-specie transfer for each of the funds as wanted to be out of the market for the shortest possible time, and he wanted to change some of his holdings at the same time. He says he'd been told by various providers that a cash transfer should normally be completed within two to three weeks, whereas an in-specie transfer could take between eight to twelve weeks.

Once Mr T's funds were transferred, they were reinvested immediately. It is the delay in completing the transfer that is the main thrust of Mr T's complaint.

Having converted his investments to cash, Mr T made the transfer request to Interactive on Wednesday 26 August 2020. The funds arrived with Interactive on 14 October 2020. This was more than seven weeks after the transfer request. Mr T re-invested over 15 and 16 October 2020.

Chronology

Mr T made the transfer request to Interactive on Wednesday 26 August 2020. When Interactive first responded to Mr T's complaint, they accepted Mr T had confirmed on 26 August 2020 that his full transfer sum was not crystallised.

Interactive's transfer form asked the question "*Is the pension in drawdown?*" and provided the choice of three options as an answer. Mr T selected the option that his pension was not in drawdown. It's not entirely clear if Mr T completed this or it was completed by a representative following Mr T's instruction. This makes no difference to my thinking. The other options asked Mr T to select if the pension to be transferred was entirely in drawdown (fully crystallised) or partially in drawdown (partially crystallised). Mr T suggests the form was somewhat ambiguous.

On 27 August 2020 Mr T contacted Interactive having looked at the copy of his application summary. He queried some information and added that his only withdrawals thus far had been from the tax-free cash element, but he was likely to start drawing down further in 2021 and thought this may involve taxable sums. He asked Interactive if any of the information caused an issue with the transfer application summary.

Interactive suggest this communication was completely separate to Mr T's transfer application and did not need to be referred to their transfer department.

Provider B received an electronic transfer request via the Origo system on 27 August 2020 from Interactive.

Interactive previously told us they submitted Mr T's request to their administrators and the transfer request had then been forwarded to Provider B on Wednesday 2 September 2020. It does not appear to me this date can be right given the other information available.

Provider B picked up the transfer request on 31 August 2020, when it was noticed the transfer had not been correctly requested. The transfer was requested as a pre-pension but Mr T's SIPP involved both pre and post pension pots (uncrystallised and crystallised) and so they needed Interactive to submit a request with the correct details.

Provider B added a comment onto the Origo system that Mr T's fund contained uncrystallised and crystallised funds and that the transfer needed to be resubmitted. Provider B said an alert had also been added to Origo to let Interactive know they had left a comment. This is not agreed by Interactive, they don't think what was added ought to have alerted them or their administrators. It appears to be agreed that the status was not changed on the system, and it was left at being 'In progress'. It is also agreed that Interactive did not contact Provider B or their administrators directly.

Interactive say no alert was added. They say Provider B failed to follow Origo's guidance and they ought to have added a note to say Mr T's account could not be found as the details didn't match and this would have allowed their administrators to see the request had been rejected and why.

It is agreed by Provider B that they ought to have updated Interactive's request on the Origo system to being out of scope, to ensure Interactive knew the request was declined and that the information was needed as quickly as possible. It was on this basis Provider B upheld Mr T's complaint when they looked into it earlier in 2023.

I previously commented that it was not clear to me why the transfer request submitted by Interactive referred to Mr T's SIPP being pre-pension, since it appeared Interactive knew in advance of the request being submitted that this was not an accurate reflection of Mr T's SIPP position. Interactive say the knowledge was held in a different department to that dealing with the transfer.

Interactive initially upheld Mr T's complaint because they said Provider B had contacted their administrators on 31 August 2020, and this information was not provided to Interactive by their administrators for four weeks. So it might be thought Interactive accept their administrators saw the note on 31 August 2020. I previously suggested it might be said that when the administrators saw Provider B's note, the administrators ought to have done something sooner even if they didn't know they needed to submit a new request. Interactive do not accept this.

On 2 September 2020 Interactive's administrators accessed (and one assumes looked) at the Origo system and changed the status on the transfer request to 'waiting on ceding scheme'.

Mr T contacted Interactive on Monday 28 September 2020 asking for an update. He indicated he was concerned about loss from being out of the market.

Interactive suggest it was not Mr T's contact that caused them to act. They say that their administrators had conducted an automatic review of the transfer request on 29 September 2020 as nothing had happened on the request for 20 working days.

However previously Interactive told us that on 28 September 2020 Provider B told Interactive Mr T's pension sum contained crystallised and uncrystallised pots and Provider B wanted some information. And Interactive said it was this that caused them to contact Mr T the next day to ask for the splits. Mr T provided this information the next day 29 September 2020 and this was sent to Interactive's administrators by Interactive on 30 September 2020. It was forwarded to Provider B on 7 October 2020. It is not clear if an alert was added to the Origo system by Interactive's administrators on 7 October 2020.

I previously queried why it took so long for the information to be provided to Provider B. Interactive say five days is their standard service time.

I also queried why it would be that Provider B asked for the split of the funds since they were the providers at the time. Having looked at the data provided, it does not appear to me this is what Provider B asked for. They had asked for a resubmission. It was Interactive who decided to ask Mr T for the split.

Provider B confirmed to Mr T that Interactive had contacted them on 12 October 2020 requesting an update on the transfer. At this point Provider B checked the Origo system and saw Interactive had sent information on the pre and post pension split on 7 October 2020. Provider B let Interactive know they had made an error on the Origo system and told Interactive they needed a new transfer request from Interactive. Mr T received a message from Interactive on around 13 October 2020. They said:

"Your case handler has spoken with [Standard Life] ... who advised that there had been an issue with the Origo request. They are hoping to backdate the request as it was their mistake and they mentioned an estimate of 5 working days. It has also been escalated on our side and we are keeping a very close eye of the progress".

On 13 October 2020 Standard Life checked the system but a new request had not been received from Interactive.

Standard Life have told us that because Provider B had confirmed on 7 October 2020 their willingness to accept the pre and post pension pots on transfer, Provider B made a business decision to proceed with the transfer in the absence of a new request.

This meant the plan was transferred on 13 October 2020 with a value of £600,543.03. This completed into Interactive's account on 14 October 2020.

Interactive told us they submitted a new request on 14 October 2020 and the transfer was completed and credited to Mr T's account on the 15 October 2020. Based on further information provided these dates were inaccurate. Until Mr T recently provided a print-out from his SIPP it also remained unclear when funds were invested. This print-out confirmed what Mr T had previously told us, that his funds were re-invested over the 15 and 16 October 2020.

Complaint history

Mr T complained to Interactive. Based on what he knew at the time he did not think Provider B had done anything wrong and he did not complain to them. Interactive upheld Mr T's complaint. They thought things could have been completed more quickly and the service they had provided could have been better overall.

Interactive initially upheld Mr T's complaint because Interactive had contacted Interactive's administrators on 31 August 2020 to ask for the value of Mr T's crystallised and uncrystallised pots, but this information was not provided to Interactive for four weeks.

Initially Interactive said they could not compensate Mr T for the loss of any potential trading opportunity but they accepted they did not return calls when they ought to have done. Interactive offered Mr T £100 which they arranged to be paid into his trading account.

Mr T didn't accept this offer and complained to this service. He shared information from a third party about his complaint. This information records that Interactive's offer of £100 had been increased to just over £4,000 when the third party intervened.

Mr T more recently thought Interactive had not made this increased offer to him but I'm satisfied having now seen communications from the time that it was.

Mr T said the process and delay had been very stressful. Mr T didn't think Interactive's offer was sufficient and said he thought his loss ought to be calculated on the basis of the transfer taking four weeks.

History of this case at this service

This service went on to consider Mr T's complaint against Interactive. In August 2022 I issued a provisional decision explaining I intended to uphold Mr T's complaint and setting out what I intended to say Interactive must do to put Mr T as close to the position he ought to have been in and redress any loss.

Mr T accepted my provisional decision, albeit he noted further information. He also told us that he didn't think Interactive paid him the £100. More recently Mr T has identified he was paid the £100, but he has highlighted Interactive said this was for their failures around returning calls.

In early September 2022 Interactive told us their administrators had discovered new information which they thought was likely to change the outcome as it demonstrated Origo practices had not been followed. Having considered what was provided, a complaint was made to Provider B by Mr T.

On 22 February 2023 Provider B issued their response to Mr T's complaint. They upheld his complaint. Provider B apologised because they had not made the addition to the Origo system correctly. Provider B thought they were responsible for the transfer being delayed as they failed to update the Origo system in the way they ought to have done.

They indicated they intended to contact Interactive to complete a price comparison on the basis of assuming the transfer had completed on 31 August 2020 instead of 14 October 2020. This would enable Provider B to rectify any loss.

Interactive confirmed the value of Mr T's plan on 31 August 2020 (when still held by them) had been £600,543.04. They repeated their apology and also indicated they intended to pay Mr T £250 to reflect the failures in their service.

Provider B say the information provided by Interactive didn't make sense, in particular they highlighted the use of a valuation that didn't match the transfer value Provider B transferred to Interactive and the use of prices on 13 October 2020 (which was before the transfer completed). They say they went back with queries. Interactive say they have provided material to Provider B.

Preliminary provisional decision

I went on to issue a preliminary provisional document. This document was sent to all parties. In it I set out a summary and indicated that I intended to uphold Mr T's complaints to some extent. I summarised my previous approach to redress (when there was a single complaint against Interactive) and invited further information to enable me to decide matters in respect of liability. I shared responses with all parties to enable them to provide any further evidence including submissions.

For ease of reference I have summarised the main thrust of all responses below.

Provider B

Provider B let us know the preliminary provisional decision had been helpful as it had provided information they did not know. As a result their view had changed, and they now thought there was shared responsibility between themselves and Interactive.

Provider B sent us further information and confirmed they had not used the Origo system as they ought to have done having received the transfer request on 28 August 2020.

Provider B accept that when they added a comment and an alert to Origo on 31 August 2020 they ought instead to have marked the request as out of scope.

However having now seen that Interactive were aware on 26 August 2020 that the funds to be transferred included uncrystallised funds, they say there was a failure by Interactive to submit the transfer request with the right information. Provider B say it was Interactive's responsibility (or their administrator for whom they are responsible) to make sure they had the necessary information before submitting a transfer request, and their responsibility to ensure it was accurate.

Provider B tend to think that since Interactive and/ or their administrator saw or would have seen the note added to Origo on 31 August 2020, they ought to have acted sooner as they would have known more information was required. When Provider B added their comment on 31 August 2020, they say they also added an alert and so a report would have been generated highlighting this.

They note that on 29 September 2020 Interactive were aware of the need to provide information. Interactive added a comment on 7 October 2020 to confirm the split and then chased the transfer on 12 October 2020.

Provider B made a business decision on 13 October 2020 to accept the transfer request based on Interactive's comment of 7 October 2020 given the delay. The payment was received by Interactive the next day (14 October 2020).

Provider B say they asked Interactive to give them a calculation assuming the payment had been received on 31 August 2020 so that there could be a loss assessment for Mr T.

They submit that the date of 31 August 2020 is a realistic date for the transfer to have been processed and to have then been received and completed on 1 September 2020, had the right information been provided to Origo on 28 August 2020.

Provider B want Interactive to show what units were bought with the original transfer sum, and the relevant prices (which will need to also include the confirmation of the actual date of purchase).

Provider B accept they could have mitigated the error (the incorrectly completed form) on 28 August 2020 by correctly marking the request as out of scope on the Origo system on 31

August 2020. But accept they can't say what would have happened thereafter, only what might be considered most likely. As such they think liability for any loss can and ought to be shared between themselves and Interactive.

Interactive

Interactive say that separately to Mr T's transfer request being submitted to Origo, Mr T was updated via secure message that his SIPP was set up. Mr T replied to this message with what they characterise as three general questions. They accept the third one set out that he had only drawn tax-free cash from his Interactive SIPP to date with a remaining tax-free sum still held there. He said he intended to start to draw taxable sums from 2021 and possibly before he had exhausted the tax-free element and he wanted to know if this (or anything he was asking) caused an issue in terms of the transfer application summary.

Interactive accept this information was not consistent with the transfer form where they say Mr T advised his SIPP was 100% un-crystallised. But they also say this ought not to be understood to be an instruction to update his transfer request nor that this was a realisation that he had submitted the incorrect information. Interactive say this was a simple conversation with one of their customer service representatives and they would not expect their representative to forward the interaction to their Transfer Team in case there had been an error on their transfer form.

Interactive say their administrators only came across the note of 31 August 2020 when they reviewed the transfer in-line with their usual process. It has also been said this was due to an internal review of the dormant transfer. They don't accept it was Mr T chasing Interactive on 28 September 2020 that caused the delay to be identified.

Interactive note they are an execution-only service and don't consider it their role to compare information recently provided by a customer unless asked by the customer to do so.

Interactive consider it was the responsibility of Provider B to have raised an Origo alert on 31 August 2020, and also say Provider B ought to have contacted Interactive directly following what they ought to have perceived as a rejected transfer, again as part of the agreed Origo process.

Interactive say that Mr T told them on 29 September 2020 about the splits in his pension funds, and it was provided to Provider B on 7 October 2020. They say their service agreement is for such actions to be completed in five working days. Here they say it was shared on the sixth working day.

Interactive agree they contacted Provider B on 12 October 2020 to ask for an update and continue to say it was at this stage Provider B identified the information had been provided to them on 7 October 2020. They say a new transfer request was then submitted on 14 October 2020 and they say it completed on 25 October 2020. This date cannot be right given what has been said and agreed previously.

Interactive feel they are being unfairly punished for Provider B's error and for not doing something they don't think they had any responsibility to do. They say that initially they did not realise that Provider B hadn't used Origo properly.

Interactive think they have provided the transaction history and share prices for the dates requested by Provider B.

Interactive dispute what is said by Provider B about whether their note of 31 August 2020 created an alert for their administrators on the system. They say it didn't. In any event they

say the point of Origo is that when used correctly it simplifies the administration of such activities.

Mr T

Mr T let us know that in general terms he agreed with my preliminary provisional decision. Mr T considers that the options on Interactive's transfer form were somewhat ambiguous. He thinks any error ought to have been picked up by Interactive's transfer team, he says they ought to have checked the form properly and referred to him if there was any uncertainty or queries. Given Interactive's undertaking that a cash transfer ought to take two to three weeks, he thinks this puts an onus on Interactive to properly oversee the process.

Further Provisional decision

On 11 July 2023 I issued a further provisional decision that confirmed why I intended to uphold Mr T's complaint in part. I concluded Mr T's transfer did take longer than it needed to have done, and that Mr T would have invested at any earlier date, had the transfer been completed, as it ought to have done, at an earlier date. I indicated that whilst I felt the transfer completion date proposed by Provider B seemed somewhat optimistic, I would adopt this for the loss calculation subject to further submissions.

I thought that all parties had contributed to or played a part in the delay. However, and having taken everything into account, I thought that if any loss was identified as having been suffered by Mr T, on completion of the loss calculation exercise, this ought to be split and shared between Provider B and Interactive. The split being 50% each of any loss. I also set out what needed to be paid by each entity to reflect the distress and inconvenience.

I thought the loss calculation ought to be completed using the actual SIPP information and that a benchmark was not required.

Responses

Mr T queried if the proposed date of 1 September 2020 for the loss calculation was realistic, since the request had only been made on 26 August 2020 and he had believed the transfer would take two to three weeks. He noted I had previously proposed to use the date of 17 September 2020.

Mr T also sent us information from his SIPP to confirm the investments made on 15 and 16 October 2020, and noted this information would be freely available to Interactive.

Provider B accepted my provisional decision, albeit they noted that technically my decision in respect of the complaint made against them ought not to be considered an uphold, given they had accepted error on their part and made an offer which I did not disagree with. They could not see why a loss calculation could not be completed using the actual dates of transfer and investment, and the performance of Mr T's SIPP and confirmed acceptance of the approach proposed.

Provider B asked that Interactive provide the original contract notes generated from the initial investments or a system generated transactions statement so they can verify figures.

Interactive think the facts and evidence they provided have been disregarded. They think they are being held liable for not identifying errors on the part of others, so they don't agree with my provisional decision. They continue to say Mr T was at fault, and his error was followed by the Provider B not following the guidelines for use of the Origo system. But in the circumstances, they will agree to settle this matter as I set out.

Interactive also sent us a copy of emails between themselves and Provider B. The exchanges from both parties refer to prices, investments, and figures from 13 October 2020 amongst other information. There is also some discussion about differences in value.

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.

Mr T's transfer took longer than it needed to have done. Had the transfer been completed, as it ought to have done, at an earlier date it is agreed that Mr T would have invested at any earlier date.

The overall delay was caused to some extent by all parties, however having taken everything into account if any loss is identified, having completed the loss calculation exercise, this ought to be split between Provider B and Interactive. The split will be 50% each of any total loss sum to be paid to Mr T by Provider B and the other 50% to be paid to Mr T by Interactive.

I consider this is a fair approach to liability and to address any loss occasioned to Mr T. It cannot be a precise calculation when both Provider B and Interactive made errors or are responsible for oversights, which taken altogether led to delay. But I consider this approach is reasonable having carefully balanced everything that happened and ought to have happened.

I accept the delay was not egregious. However Mr T valued an efficient and quick transfer and had chosen to liquidate his funds to speed up the process and minimise delay. To some extent he was accepting a risk when it came to waiting for the transfer to complete before he was able to re-enter the market. Mr T hoped his transfer would complete in two or three weeks, instead it took over seven weeks.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have carefully considered all the submissions made thus far. Where the evidence is unclear, or there are conflicts, I make my decision based on the balance of probabilities. In other words I look at what evidence I have, and the surrounding circumstances, to help me decide what I think is more likely to, or ought to have happened.

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. This service looks to resolve individual complaints between a consumer and a business informally. Should we decide that something has gone wrong we 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 or error hadn't occurred.

Provider B say they ought to have followed good practice on 31 August 2020 and instead of adding a note about the request that had been submitted was wrong they ought to have declined the request Interactive submitted. Provider B accept their failure to decline the request caused delay. I agree.

I've seen the Origo guidance is that before a party creates an alert, they ought to contact the organisation by phone to discuss or raise awareness of any urgent issues with a transfer request. And I've been told that Interactive say most firms would not check notes unless there is an alert, or it comes up by chasing.

However Interactive knew that Mr T's SIPP included pre and post pension funds in August 2020. I've seen what Interactive say about Mr T's enquiry being made to a separate representative and not needing to be referred to their transfers department. I find that somewhat surprising given that I think it's fair to understand the thrust of his queries includes a concern about whether the information he is sharing will impact on the transfer request. So it's reasonable to consider Interactive contributed to the delay by failing to effectively identify and deal with Mr T's query and I think that had they done so it's likely a resubmission could have followed within a short time.

In addition Interactive's administrators ought to have known on 31 August 2020, and certainly by the time they updated the system and the status of the transfer on 2 September 2020, that Provider B needed the application to be resubmitted and this ought to have been passed to Interactive. I don't accept Provider B's failure to follow Origo guidance removes any expectation that Interactive or their administrators to have done something here. Even in late September Interactive and their administrators misunderstood the request for resubmission it appears.

I have thought carefully about whether I ought to allow for some degree of responsibility to lie with Mr T. It was his error on the form (he indicated that all his funds were uncrystallised) that was at the root of the delay here.

Mr T's transfer was not advised, he chose to do it and caused it to proceed and was the person responsible for giving the instructions. I think he has sufficient knowledge and understanding to have understood that he had crystallised some of his pension funds. And when he indicated that all his funds were uncrystallised on the form originally submitted, this set out of the chain of the events and errors that led to the delay. I am in no doubt his indication on the form was the result of human error. It's clear Mr T wanted the transfer to complete and wanted this to happen as soon as possible. But I have needed to consider whether I ought to adjust my findings on liability to take account of Mr T's error.

It appears to me firstly that the subsequent errors and oversights that I have identified lie with the two other parties, are sufficiently distinct and demonstrate service failings or things that ought to have been done differently.

In addition I've concluded that Mr T's actions after he first spoke with Interactive, mitigated (or ought to have mitigated) the impact of the errors and oversights. He called Interactive having reviewed the form completed for his transfer and had his queries about his fund status been properly addressed, that form might never have been submitted. I think it was when Mr T chased Interactive on 28 September 2020 that the Origo over-sights were identified. I don't accept that Interactive's administrators picked up the Origo system note of 31 August 2020 on 29 September 2020 due to their own processes.

As such I have concluded I don't need to adjust the calculation to take account of Mr T's error.

In the circumstances I don't think it was reasonable that it took until 7 October 2020 for Interactive to provide (via their administrators) Mr T's information. In any event the information they provided was not needed by Provider B. Provider B knew what the splits between crystallised and uncrystallised funds were, they were the providers. They had asked on 31 August 2020 for a resubmission of the application because the funds contained a mix (which was not what the transfer form had said). So it ought to have been reasonably understood by Interactive and/ or their administrators this was what Provider B wanted.

It isn't clear to me why Provider B didn't realise until 12 October 2020 (when chased by Interactive), that the Origo system had been updated on 7 October 2020. In other words the

nature of any alert added by Interactive or their administrators on 7 October 2020. This does not change my thinking. But on 12 October 2020 Provider B realised their original August error with the Origo system, and that this meant the original transfer request still needed to be declined and cancelled and a new one submitted.

On 13 October 2020 Provider B checked the system, but a new request had not been received from Interactive. I accept that Provider B then acted to mitigate the impact of the errors by taking a business decision to proceed with the transfer in the absence of a new request, and they relied on Interactive's confirmation of 7 October 2020 of their willingness to accept the pre and post pension pots on transfer to do this.

I've seen Interactive say they submitted a new transfer request to Provider B on 14 October 2020. I haven't seen anything that makes me think Provider B accept this happened. In any event by this stage Provider B had already progressed the transfer.

I haven't understood why there has been inconsistency in the information provided about when the funds were received by Interactive. This is information that ought to be easily evidenced. Based on everything I have seen it was on 14 October 2020 (Provider B having progressed the transfer the day before).

I also do not understand why there were problems and inconsistencies in the information provided about when Mr T went on to reinvest and how. This is again information that ought to have been easily evidenced with contemporaneous information. Interactive must be wrong to have provided unit prices and investments for 13 October 2020 to Provider B and having seen the emails it looks to me as if Provider B also referred to 13 October 2020.

Mr T previously told us he invested over 15 and 16 October 2020. He has provided confirmation of this.

I previously commented that Provider B seem to have told Interactive at the time that they hoped to backdate Mr T's request due to their mistake with the Origo system. It remains unclear to me why Provider B and Interactive did not pick up what had happened after Mr T first complained and when both businesses appear to have been asked about what happened by a third party. This complaint has gone on for an extended time. I don't consider this is due to Mr T.

It is agreed that Mr T would have invested at any earlier date, had the transfer been completed earlier, as it ought to have done.

Provider B suggested a date of 31 August 2020 for the transfer was to be used for the loss calculation, which would mean the funds would have notionally been available to invest on 1 September 2020. Interactive previously accepted the transfer could have been completed one month earlier than it did, and I previously concluded that the transfer ought to have completed by 17 September 2020.

I invited submissions on this. It appeared to me that Provider B's proposal to use a date several days after the transfer request was submitted was generous when it came to assessing how long it ought to have taken for the transfer to complete had there not been any errors or oversights. However it has not been suggested to me that Provider B's proposed approach ought not to be followed and so I don't think it is unreasonable for me to accept this date is to be used for the loss calculation.

The loss calculation exercise uses the 1 September 2020 as the date to be used to calculate the units and prices had Mr T invested on this date rather than the date(s) he did invest. I am told Mr T has provided this information to Standard Life's satisfaction.

Interactive previously suggested Mr T had selected a very different type of fund to those he had held when invested with Provider B, and they seemed to suggest this was because they were ones that performed well in the date range for the loss calculation. I don't find this submission persuasive. Mr T invested a significant portion of his fund almost as soon as he was able to. There is nothing that makes me think he chose investments on the basis of their performance in the preceding few weeks so as to maximise the outcome of any potential loss redress calculation in the future. Such a suggestion is too remote and speculative to be reasonable or likely.

Putting things right

The redress approach and what needs to be done

Mr T's transfer was delayed, and this caused him to be delayed when it came to reinvesting his funds. Mr T needs to be put as close to the position he would now be in if the errors and oversights had not occurred.

I accept Mr T sold his previous investments prior to requesting transfer as he wanted to make some amendments and he wanted the transfer to complete more speedily than it might do if he requested in-specie transfers. Mr T would have invested at any earlier date, had the transfer been completed, as it ought to have done, at an earlier date.

Based on everything that has now been said, this loss calculation is based on the premise Mr T ought to have been in a position to re-enter the market and invest by 1 September 2020. Mr T did not delay reinvesting as soon as he was able to reinvest. The investments made by Mr T following transfer ought fairly to form part of the redress exercise.

Provider B and Interactive need to agree the units Mr T's SIPP invested in following the transfer in October 2020 and the relevant price. The actual investments were made on 15 and 16 October 2020 ('A'). I indicated that Interactive would need to provide reliable confirmation of what investments were made (the units and prices) and on what date. This is still something I would expect them to do. Provider B proposed this information ought to be provided by way of the original contract notes generated from the initial investments or a system generated transactions statement. This did not seem to be an unreasonable request. I understand Provider B have more recently been provided with the information needed by Mr T.

I previously asked for submissions as to whether a benchmark ought to be used instead of the actual SIPP for the calculation. I didn't think this ought to be necessary, nor was it my preference and none of the further submissions have made me think otherwise.

Provider B and Interactive must then complete a comparison to calculate and agree the total number of units, in the same funds and based on the same proportions and allocations of capital, that Mr T's SIPP could have purchased on 1 September 2020 ('B'), at the prices on that date.

If A is the same or greater than B, there is no loss, and no compensation is due.

If B is greater than A, Mr T has suffered a loss and compensation is due to Mr T.

The difference is the total monetary value of the difference based on the relevant funds' units' prices. This total monetary value is 'C'. This needs to be calculated and agreed by Provider B and Interactive.

C is the loss/ compensation amount. This figure is to be split in half, with Provider B responsible for paying 50% to Mr T and Interactive responsible for paying the other 50% to Mr T.

Loss of growth on any loss figure

If there has been a loss, then Mr T has suffered a loss in respect of investment performance from the date he could have bought additional units.

I previously noted that once figure C had been calculated, Interactive would need to go on to calculate the performance of C from the start date to the end date, using the SIPP as the benchmark.

Interactive will need to share the necessary information with Provider B to enable this to be completed by both businesses.

No party has disagreed with this.

The start date

1 September 2020 is to be the 'start date' to use in calculating growth/ performance redress for Mr T.

The End date

The 'end date' to use for the calculation will be the date of my final decision because the subject of redress relates to an invested SIPP that has remained invested from the start date to the present date and based on available evidence, will probably continue to be invested on the date of my final decision.

By using this end date, the redress calculation will reflect the performance that any compensation amount arising on the start date (C) would have had up to date (that is, the date of my final decision).

The calculation is to make sure that C reflects the performance consistently with the overall performance of the SIPP over the relevant period (including a reflection of any changes within the SIPP, this includes for example, withdrawals or any proportional application of charges) as though the sum known as C was part of the SIPP throughout that period.

A payment is to be made within 28 days of receiving notice of Mr T's acceptance of my final decision. Any delay in payment to him beyond this period would mean interest on the full compensation amount, would be due at the rate of 8% simple per year from the date of the final decision up to the date the payment is made to him (settlement).

Payments of any compensation due are to be made if possible into Mr T's SIPP, to increase its value by the amount of the compensation and any interest. The payment should allow for the effect of charges and any available tax relief. The compensation (and any interest) should not be paid into his SIPP if it would conflict with any existing protection or allowance.

If the compensation (and any interest) cannot be paid into his SIPP, it is to be paid directly to Mr T, taking account of that fact that had it been possible to pay it into the SIPP, it would have provided a taxable income. So the compensation should be reduced to notionally allow for any income tax that would otherwise have been paid.

All calculations of the compensation are to be provided in a clear and simple format.

Where I uphold a complaint, I can make a money award requiring a financial business to pay compensation of up to £150,000, £160,000, £350,000, £355,000 or £375,000 (depending on when the complaint event occurred and when the complaint was referred to us) plus any interest that I consider appropriate. If fair compensation exceeds the compensation limit the respondent firm may be asked to pay the balance. Payment of such balance is not part of my determination or award. It is not binding on the respondent firm, and it is unlikely that a complainant can accept my decision and go to court to ask for such balance. A complainant may therefore want to consider getting independent legal advice in this respect before deciding whether to accept a final decision. I am not aware of this being a live or relevant issue in this case.

Distress and inconvenience

As I set out before, Mr T has been inconvenienced for a far longer period than he ought to have been when he first chose to transfer. I don't doubt his frustration, and no doubt some concern. I appreciate that when Interactive first paid £100 to Mr T, they said it was just for their failure to return calls. In deciding whether Interactive ought to be required to pay anything further in respect of Mr T's distress and inconvenience I have taken everything into account. Here Interactive must pay Mr T a sum of £150 to reflect his distress and inconvenience. This makes a total sum of £250 which I think is fair. It is to be paid within 28 days of my final decision.

My final decision

For the reasons given I uphold Mr T's complaint about Interactive Investor Services Limited. Interactive are required to complete the redress calculation exercise set out above and pay any sum due to Mr T by themselves in the way set out. Interactive also need to pay an additional sum of £150 to Mr T to reflect his distress and inconvenience. This is to be paid within 28 days of my final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 13 September 2023.

Louise Wilson
Ombudsman