

The complaint

Mrs M's complaint is about her share of a Group Self-Invested Personal Pension ('SIPP'). She says CASLP Ltd trading as Sanlam mismanaged the SIPP from August 2019 onwards; and that, based on growth in the value of the SIPP's underlying property asset (and surplus rent held in the SIPP) her share (12.36%) should have been worth around £150,000 in 2020 when she encashed it, but it was worth around £101,000.

What happened

One of our investigators looked into the complaint. First he addressed our jurisdiction. The complaint was made in 2022. Sanlam said it issued a final response to an earlier complaint from Mrs M about alleged mismanagement of the SIPP and about valuation of her share, that it did this in 2018 and that she did not refer that complaint to us in time. It said the 2022 complaint is essentially about the same allegations and issues, so it is out of time.

The investigator found that the 2022 complaint, as presented, is about Mrs M's allegation that her share of the Group SIPP was under valued after its underlying property asset was sold in late 2019; the valuations related to the 2018 complaint were different; we have jurisdiction to address the post-sale valuation issue from 2019 onwards, which happened after the 2018 complaint and in time for the 2022 complaint; but we do not have jurisdiction to address anything else, that was treated in the 2018 final response.

Mrs M and Sanlam accepted this outcome. The investigator proceeded to consider the merits of the 2019 to 2020 share valuation issue. He did not uphold the complaint, and mainly said:

- His remit is to address the management and valuation of the SIPP (with regards to Mrs M's share) from 2019 onwards. The complaint is largely about the final monetary value of her share. From 2019 onwards, there is no basis to say Sanlam mismanaged the SIPP to the extent that she received an incorrect share value.
- Her submissions suggest that the complaint stems from the initial advice she received in 2007, from the point of the property's inclusion in the SIPP, but this too is beyond the present complaint because Sanlam did not give advice in the matter. Its role was the SIPP provider/operator.
- Whilst Mrs M's share of the SIPP was 12.36%, her share of the property asset was 10.21%. This was because only 82.64% of that asset belonged to the SIPP.
- Business rates and other costs existed at the time of settling the valuation.
- Mrs M applied to take benefits from her share in September 2018. In order to do so her share had to be split from the Group SIPP and placed into her individual SIPP. Her SIPP bought 10.21% of the property asset from the Group SIPP for a total of £96,015. In December 2019 her share of the £990,000 property sale proceeds was a total of £101,079, which was credited to her SIPP. This increased the SIPP's balance to £101,989.01. In September 2020, when the SIPP was encashed and after her

share of rates and the SIPP's administration charges had been applied, the balance of £101,817.91 was paid to her. Overall, this was the value due to her, not the £150,000 or £142,140 she has claimed in the complaint.

Mrs M disputed this outcome and made comments that were shared with Sanlam.

The shared comments were coupled with additional enquiries (from the investigator) for Sanlam to address. In response Sanlam mainly referred to transaction statement evidence that £101,079 was credited to Mrs M's personal SIPP on 9 December 2019 (this, it says, being her 10.21% share of the asset's sale proceeds); it shared evidence of the 2018 events in which her share of the Group SIPP was extracted into her personal SIPP (and the valuation at the time); it explained loan repayment deductions (related to the property asset) that continued after the loan was paid off, but was subsequently corrected and refunded to the main SIPP fund; and it explained (with evidence) how the value of Mrs M's share in the SIPP's property asset was calculated in 2018 at the point her share was extracted from the Group SIPP, and how (and why) the value was different in 2019 after the asset's sale.

Overall, the investigator considered that the responses (and supporting evidence Sanlam submitted) were persuasive and he explained them to Mrs M. He did not change his view, and the matter was referred to an Ombudsman.

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.

The 2018 final response

Sanlam sent this response to Mrs M on 30 November 2018. It addressed her allegation about a conflict between the benefits she expected from her pension and the benefit she was receiving, and an issue she raised about over valuation of a particular share of the Group SIPP resulting in under valuation of the other members' shares.

The response included reference to the 2006 advice she had received from a third party to transfer into the Group SIPP (with the property asset within it) and to the third party being solely responsible for the suitability of its advice – especially, it said, given the risks associated with property investments in a pension portfolio.

The letter also addressed Mrs M's '12.35%' share of the SIPP, and said the same share applied to the property asset. Sanlam has since said the latter was an error, and has explained why her share of the asset was 10.21% (for the reasons summarised in the background above).

Further into the response, the letter addressed the matters of Mrs M accessing tax free cash and income from the pension, accessing her share of the cash holding value in the SIPP and the need for her share of the property asset to be bought out by the members, in order for her to access her share of the asset's value.

I am satisfied that the 2018 response dealt with Mrs M's complaint about accessing the benefits from the SIPP (that is, tax free cash, her share of the SIPP's cash holding value and her share of its property asset value). In doing so, it also addressed the matter of her share of the SIPP.

In her complaint form, she says her complaint is about Sanlam mismanaging the Group SIPP "since August 2019" with regards to its changing valuations. This was not an issue

addressed in the 2018 final response. It post dates that response, so it is new and, like the investigator said (and as both parties have agreed), it is a complaint issue we have jurisdiction to address. The same applies to the associated matter of the valuations of Mrs M's share of the SIPP (and its property asset) between 2019 and 2020. The complaint form refers to this too and it is the second complaint issue I will be addressing.

Alleged mismanagement of the SIPP's valuation since August 2019

The key event in this period is the sale of the SIPP's property asset in late 2019. The value of the proceeds received from the sale is directly relevant to the complaint.

Both parties agree that the proceeds from the property sale amounted to £990,000. We have been provided with a transaction history of the movements (and changes) in the Group SIPP's ownership of the property asset. Said evidence shows that a total of 36.14% of the ownership was extracted from the SIPP in 2014. Thereafter, and by May 2018, it regained a total of 18.78% of the ownership that had been previously extracted. This resulted in the balance of 82.64% ownership resting within the SIPP.

In this context, the SIPP's share of the sale proceeds was defined by its partial ownership (82.64%) of the sold asset and, relevant to the next section, the same applied to Mrs M's share of the proceeds. That too was defined by the SIPP's partial ownership. For the sake of clarity, despite some correspondence from Sanlam referring to the share as '12.35%', the SIPP transaction statements shows the share was 12.36%.

In other words, Mrs M was entitled to 12.36% of 82.64% of the sale proceeds – or 10.21% of the sale proceeds.

In terms of the alleged mismanagement of the SIPP's valuation (based on the sale proceeds) I have found no such mismanagement. As stated above, there is no dispute about the sale proceeds amount, and available evidence supports the conclusions that 82.64% of the sold asset belonged to the Group SIPP so Mrs M's 12.36% share of the SIPP meant she was entitled to 10.21% of the sale proceeds. As I address next, this entitlement was matched in what was remitted to her in December 2019 (after the sale).

The values of Mrs M's share of the SIPP (and property asset) between 2019 and 2020

Sanlam invited us to consider this issue from 2018, despite the complaint being about valuations between 2019 and 2020. It says events from 2018 provide helpful context, and I agree.

In September 2018 Mrs M sought to drawdown from her share of the SIPP. Sanlam has explained that the Group SIPP could not facilitate that, so she had to open a personal Drawdown SIPP in order to extract her share of the former's assets into the latter. There is evidence of her application for the personal SIPP at the time, and it confirms the value (or approximate value) of her 12.36% share of the Group SIPP (which consisted of two policies) as £101,192.

Her 10.21% share of the SIPP's property asset had slightly less value. Transaction records show that the values of her two policies were extracted from the Group SIPP and placed into her personal SIPP through a sale by the former and purchase by the latter – so the Group SIPP sold her share to the personal SIPP. The records show that the [unrealised] transaction value was a total of £96,015. However, the total of £101,390.71 was credited to the personal SIPP due to the addition of Mrs M's share of the Group SIPP's net liquid assets. On balance, I consider this was the full value of her share of the Group SIPP as of September 2018 – and as of its transfer into her personal SIPP.

The SIPP statement sent to her on 30 August 2019 shows that, on that date, its total value had fallen to £96,375. The statement sent to her on 28 August 2020 shows that, on that date, its total value had increased to £101,819. In between, and based on the available SIPP transaction history, the following happened – her 10.21% share of the Group SIPP's property asset was realised upon sale of the asset in late 2019; in this respect, the total of £101,079 (10.21% of the £990,000 sale proceeds) was credited to her SIPP on 9 December 2019; this increased the SIPP's balance to £101,989.01; thereafter and up to 28 August 2020 there were debits for administration charges, buildings insurance costs and water rates, and credits for building insurance rents, a selling fee refund and miscellaneous rates and utilities; and on 14 September 2020 an encashment payment for £101,817.91 (the net value of the SIPP at the time) was actioned for Mrs M.

The investigator asked Sanlam to explain why the debits were higher than her 12.36% share. It affirmed that the credits and debits matched each member's share of the Group SIPP. It explained that a comparison between the figures in Mrs M's personal SIPP statement and those in the Group SIPP statement would be misleading because the latter did not show all the transactions (because some other members had also split from the Group SIPP). As such, it said, credits and debits were split immediately according to each member's share, then the remainder was credited/debited to the Group SIPP.

I have not seen evidence that the credits and debits applied to Mrs M's SIPP (between December 2019 and August 2020) were inaccurate. I understand Sanlam's explanation about how they were shared between those who had split from the Group SIPP and those who remained within it. I consider the explanation to be reasonable and I have not seen evidence that disproves it.

Mrs M disputed two continuing loan repayments from the SIPP, related to the property asset, and she shared evidence that the repayment obligation had been completed in August 2018. For this reason, she challenged the deductions that continued to March 2019. The investigator looked into this and asked Sanlam about it. Sanlam conceded that the loan repayments ended in August 2018 and that the payments thereafter should not have happened. It explained that the Group SIPP's linked bank account had a standing order for the payments that, erroneously, was not cancelled until March 2019.

Sanlam also submitted bank transaction evidence on how the overpayments accumulated between early September 2018 and early March 2019, and how the total of the overpayments was refunded later in March 2019. I consider that the dispute in this respect is essentially resolved. Mrs M was correct to have challenged the continuing repayments, they continued in error but they were stopped and rectified (through the refund) in March 2019. The resolution happened ahead of the property asset sale later in 2019, so I do not consider that the overpayment distorted settlement of the value of the sale proceeds, or settlement of Mrs M's share of the proceeds.

Overall, on balance and for the reasons set out above, I do not find that Sanlam miscalculated or mismanaged the valuations of Mrs M's share of the Group SIPP between 2019 and 2020.

My final decision

For the reasons given above, I do not uphold Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 2 October 2023.

Roy Kuku
Ombudsman