

The complaint

Mr B complains that The Royal London Mutual Insurance Society Limited (RL) caused avoidable delays to the transfer of his pension from another part of RL. He also says that he hasn't received an acceptable explanation about why his transfer value fell so sharply.

Two separate parts of RL were involved in this transfer. I'll refer to the part of RL that was responsible for the ceding scheme as "the ceding part of RL". And the part of RL that was the responsible for the receiving scheme as simply "RL".

What happened

Mr B said that on 1 November 2022, the ceding part of RL, which held his former defined benefit pension – an Option 32 policy - sent him a letter explaining his retirement options. These included the option to transfer his pension.

Mr B said that he decided to transfer his Option 32 policy benefits into his personal pension with RL. So on 2 December 2022, he requested the ceding part of RL to arrange that transfer. Mr B was provided with a transfer value of £104,471.86 on 19 December 2022. He was told on 18 January 2023 that he'd have to take independent financial advice given the safeguarded benefits his transfer would include.

Mr B appointed an adviser to provide the advice he needed for the transfer to go ahead. He said he instructed his adviser to prepare the necessary reports and to oversee the transfer of his pension funds.

Mr B said that he signed various forms, including a letter of authority (LOA) for his adviser on 3 February 2023. He also said that his adviser signed off his transfer on 14 February 2023. Mr B said that at this point he thought everything was in place to transfer the funds on 23 February 2023.

On 6 February 2023, Mr B's adviser emailed the ceding part of RL with the LOA and asked it to send all the requested information. It received this. The ceding part of RL emailed Mr B on 12 February 2023 to tell him that the LOA didn't meet its requirements. It said it had rejected the LOA and told the adviser this.

On 16 February 2023, Mr B's transfer request was submitted to the ceding part of RL. It rejected the request, explaining that an IFA would be required for such a transfer. The same day, it told Mr B that the transfer forms were valid for 90 days, but the transfer value was valid for 30 days.

On 18 February 2023, the ceding part of RL said it received a LOA from Mr B's IFA.

Mr B signed a financial advice confirmation form on 20 February 2023. The "next steps" section of this form stated:

"Please ensure that both sections of the transfer application form have been completed – Section 1 by the policyholder and Section 2 by the receiving scheme".

RL emailed Mr B on 20 February 2023 to tell him that an adviser had called it and had claimed he was acting on Mr B's behalf. But as that adviser had no current authority over Mr B's pension, RL said it hadn't been able to discuss anything with him. RL said that if this adviser wanted information on his plan, he would need to submit a LOA. It also said that if Mr B still wanted to transfer his Option 32 policy, his adviser would need to send a LOA to request transfer information on this plan. RL said:

"We cannot action anything until an application and LoA is received".

On 21 February 2023, Mr B's adviser posted the Transfer Discharge Form (TDF) to the ceding part of RL.

On 23 February 2023, Mr B's adviser called the ceding part of RL to ask it when he could expect a response to his information request. The ceding part of RL said it received by post the same day a cover letter from Mr B's adviser with a completed Financial Advice Confirmation (FAC) form, and a partly completed TDF. It said that all of section 2 which needed to be completed by the receiving scheme was blank.

On 28 February 2023, Mr B's IFA called RL for information. RL said it couldn't provide the adviser with any information as it didn't have a LOA. RL told the adviser that an application wouldn't be processed until it had received a LOA. RL emailed Mr B the same day to explain the situation.

On 2 March 2023, RL said that the adviser submitted a LOA to obtain authority on Mr B's pension. But it was for information only. The same day, the adviser emailed the LOA to RL. The LOA was signed and dated by Mr B but he had crossed out the wording: "*Transfer of agency*" and only left the wording: "*Request for Policy Information*".

Also on 2 March 2023, the ceding part of RL said it told the adviser that section 2 of the TDF needed to be completed by the receiving scheme.

On 3 March 2023, the ceding part of RL issued new transfer forms with a new value of £106,104.75, valid for 30 days. So the transfer value would expire on 2 April 2023.

The same day, the adviser called the ceding part of RL. It said it'd received the FAC, but was still waiting for the completed section 2 of the TDF. It issued a new TDF with the updated value.

On 8 March 2023, RL sent the adviser confirmation that the LOA it'd sent would allow it to access information relating to Mr B's pension. The same day, the ceding part of RL told the adviser that the FAC it'd received wasn't for an Option 32 policy and that it needed the correct form to be completed. It emailed this to Mr B's adviser.

The ceding part of RL said that it received the correct completed FAC by email on 9 March 2023. But on 17 March 2023, it issued a letter to Mr B as no receiving scheme sections had been completed for the transfer. It also said that on 24 March 2023, it'd told Mr B's adviser that it still hadn't received a completed section 2 of the TDF. And that the receiving scheme could use the Origo system if it preferred.

On 28 March 2023, the adviser sent some of the required paperwork to RL. And said that Mr B had the rest and would hopefully sign it soon. He said he'd then send it on. He sent the rest of the paperwork later that day and asked for a timescale for the transfer.

On 31 March 2023, RL said it received the transfer application dated 28 March 2023. It said it contacted Mr B's adviser to make him aware that the transfer couldn't be progressed

without the correct LOA, with the adviser listed as the servicing agent on the pension.

Mr B's adviser replied the same day to state that he'd sent in a LOA. He also said he'd spoken to RL on numerous occasions about the transfer and that each time the LOA had been located and security passed. He asked RL to check again and confirm that it was proceeding with the transfer.

The adviser called the ceding part of RL on 4 April 2023. It told him that it hadn't received the completed TDF it'd asked for, or the Origo alternative. And that as the LOA had no servicing rights, RL couldn't proceed.

Mr B's adviser sent a new LOA which met the requirements on 5 April 2023. RL said that by 12 April 2023, it'd received the correct LOA and a completed transfer application. It said it could at this point process the application.

On 21 April 2023, Mr B was provided with a new transfer value of £93,740.94. The Origo transfer request was put on hold due to the fall in value.

On 26 April 2023, Mr B's adviser called the ceding part of RL about the fall in value. He sent an email the same date which stated that since 3 March 2023, RL had confirmed to him on a few occasions that it had all it needed to transfer. And that it was only on 5 April 2023 that RL had mentioned that it needed a revised LOA.

On 2 May 2023, Mr B's adviser raised a complaint about the transfer delay on Mr B's behalf. And that the transfer value had now fallen.

On 11 May 2023, the ceding part of RL sent a payment of £93,740.94 to RL. And on 18 May 2023, RL received and invested the funds as of date of receipt, 15 May 2023.

RL issued its final response to the complaint on 5 May 2023 to Mr B's adviser. It didn't think it'd done anything wrong. It said it hadn't received the correct LOA so it couldn't process the application. And that it had explained what it still needed in an email sent to Mr B's adviser on 31 March 2023. RL also said that once it'd received the correct LOA it'd processed the transfer in 21 days. It acknowledged that Mr B's adviser felt that this was too long. But said this was in keeping with the usual turnaround times for such a transfer.

Mr B said he wasn't sent the final response until 11 August 2023. After he'd received it, he asked RL who was responsible for the transfer delay from 23 February 2023 through to 15 May 2023. He also asked it to explain why his transfer value had fallen from £106,104.75 on 3 March 2023 to £93,740.94.

RL sent Mr B its timeline for the transfer. It said that it'd processed the transfer application as soon as it could on 12 April 2023, once all the correct paperwork had been provided. It said it couldn't process the transfer before then as it didn't have the authority to do so. RL said that transfer values could rise and fall depending on market conditions and the performance of investments.

Mr B wasn't happy with this response. He asked RL to provide him with a better explanation of why his transfer value had fallen.

RL asked the ceding part of RL to provide the explanation Mr B had requested. On 17 August 2023, the ceding part of RL wrote to Mr B to explain what'd caused the transfer value to fall. It said the following:

"The Option 32 style policy you had receives a bonus each year [on] the 1 April based on the

performance of the underlying fund. If the fund has performed well this will be a positive amount, and if the fund has performed poorly this will be a negative amount.

This bonus is applied to the Asset Share figure you were quoted and does not impact the contractual GMP.

The 'mini-Budget' in the middle of 2022 led to increased market volatility, particularly in currency movements where the value of the pound has fallen, and as a result many customers experienced a drop in the value of their pension investments.

Option 32 Traditional With Profits policies are invested entirely in government bonds, other bonds and cash.

It's also worth highlighting that the news around pension funds collapsing is predominantly in relation to Defined Benefits (DB) pensions and as such, the Option 32 Fund was significantly impacted by the budget. This led to a significant negative bonus being applied to all Option 32 policies as of the 1 April 2023".

Mr B wasn't happy with RL's response, so he brought his complaint to this service on 23 August 2023. He felt that his transfer could've taken place in February 2023, but hadn't gone through until May 2023. And that the unnecessary delay to the transfer which he felt RL had caused had led to a financial loss of approximately £15,000. He wanted RL to compensate him for this loss.

Our investigator didn't think that the complaint should be upheld. He felt it was reasonable for RL as the receiving scheme to have requirements to process a transfer, such as requiring the adviser to be a servicing agent on the pension. He said that the LOA Mr B's adviser had submitted simply allowed it to request policy information, not arrange a transfer, as the LOA submitted hadn't made the adviser the servicing agent on Mr B's pension. He also noted that RL had emailed Mr B's adviser to tell him that the LOA he'd provided gave it authority which enabled it to provide him with information about Mr B's plan. Our investigator didn't consider RL was required to tell the adviser anything else at this time. He didn't think RL should've questioned the submission of a LOA that requested information only.

Mr B and his adviser didn't agree with our investigator. They provided detailed reasons for this, which I've summarised as follows:

- RL had never specified what the requested LOA needed to include, despite knowing from conversations with both Mr B and his adviser that Mr B wanted to arrange a transfer.
- The adviser felt RL must've held an acceptable LOA on file, as he said he'd spoken to RL on numerous occasions about the transfer and had passed the security checks.
- The two parts of RL involved in the transfer didn't communicate well between themselves or with Mr B and his adviser.
- Mr B felt that RL had caused unnecessary delays to the transfer process. And in doing so, was responsible for the fall in his transfer value. He said he felt as if he'd lost all of the guaranteed benefits that he would've received under his original pension scheme. And had also had to pay the IFA fee for the transfer approval.

As agreement couldn't be reached, the complaint has come to me for a review.

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, I agree with our investigator that RL didn't do anything wrong. I know this will be disappointing to Mr B. I'll explain the reasons for my decision.

I first considered whether the adviser submitted a suitable LOA to RL as the receiving scheme by 23 February 2023.

Was a suitable LOA submitted to RL by 23 February 2023?

I can see that Mr B feels that everything was in place to transfer the funds on 23 February 2023. I can understand why he felt this. He considered that he was dealing with one business – RL – for both parts of his transfer. And therefore if a valid LOA was suitable for the ceding part of RL, it must also be enough for the receiving part of RL. But this wasn't the case.

As the ceding part of RL has already explained to Mr B, while his transfer request was submitted to and accepted by it on 22 February 2023, it wasn't correct to consider that everything was in place to transfer the funds on 23 February 2023.

The transfer couldn't actually go ahead until RL - the receiving scheme - had accepted and processed a transfer application form. The ceding part of RL also explained that the transfer request wouldn't be submitted to it until RL - the receiving scheme - was in receipt of a fully completed application form. And this couldn't happen until RL – the receiving scheme - received a correct LOA.

The ceding part of RL has also explained to Mr B that the LOA it'd received was sufficient for it to provide any information his adviser wanted about his pension. But that its requirements as the ceding scheme weren't the same as those of the receiving scheme.

The ceding part of RL said that it received the confirmation it needed that Mr B had received regulated financial advice from a qualified adviser on the 9 March 2023. It said that once it had this, it then needed either a completed TDF or a valid Origo request to proceed with the transfer. It said that it told Mr B's adviser this on a number of occasions before the transfer value expired. It also said that once it received the valid Origo request, after the transfer value had expired, it proceeded with the transfer.

RL – the receiving scheme - had different LOA requirements to the ceding part of RL. I consider this to be reasonable. I say this because I'd expect LOAs to be required by both the ceding and the receiving scheme in any transfer, regardless of whether it appears that the same business is involved.

Therefore, I'm satisfied that RL acted correctly when it told Mr B's adviser on 28 February 2023, that it couldn't provide him with any information as it didn't have a LOA. The evidence shows that RL clearly explained to the adviser that an application wouldn't be processed until it'd received a LOA. It also shows that RL told Mr B that it needed a LOA on 20 February 2023.

I can also see that the adviser submitted a LOA to RL on 2 March 2023. But it was for information only and didn't give the adviser servicing rights on Mr B's pension.

The adviser said that it'd chased RL and that it'd confirmed receipt of the LOA. But it hadn't

told the adviser that it required servicing rights for the transfer to proceed.

The evidence also shows that RL emailed the adviser on 8 March 2023 to tell it that the LOA it'd sent would allow it to access information relating to Mr B's pension. It also told the adviser that it wasn't the servicing agent. This wasn't a surprise to the adviser, as it didn't intend to service the pension, it just wanted to oversee the transfer.

Although I agree with Mr B's adviser that this email didn't explicitly state that he couldn't request a transfer with this type of LOA, I think it did clearly state that the LOA only allowed access to information on Mr B's pension. Mr B and his adviser had already thought that the initial LOA they'd submitted to the ceding part of RL was fit for purpose for the whole transfer. So if the adviser had been in any doubt about the suitability of the LOA he'd submitted to RL as the receiving scheme, I think he should've asked RL for further clarification.

I know that Mr B and his adviser's position is that RL never told them that it wouldn't be able to transfer Mr B's pension due to his adviser not being listed as servicing agent on the LOA, despite having conversations about Mr B's transfer with that adviser. And that the adviser thinks the LOA should in any event have been sufficient. I can also see that the adviser thinks that RL provided him with information about Mr B's plan despite the wrong LOA being on file. But I can't fairly agree.

I'm satisfied that RL acted reasonably when it didn't explicitly tell the adviser that it wouldn't be able to transfer Mr B's pension using the LOA that'd been submitted on 2 March 2023. I say this because I'm satisfied that it's reasonable for RL to expect that an adviser would know what type of LOA would be required for his purposes. And if he didn't know, I would expect the adviser to ask to ensure the correct LOA was provided. I consider this is particularly relevant where there's a relatively short deadline for the required action to be completed, as in this case.

I'm also satisfied that RL acted reasonably when it didn't accept the 2 March 2023 LOA as sufficient for the transfer. I say this because RL's transfer process requires it to have a LOA which includes servicing rights before it can allow a transfer. It's up to RL how it manages its transfer process. And I don't have the power to tell it what to do. But in any event, I can't fairly say this requirement is unreasonable.

I understand why Mr B and his adviser had crossed out "servicing rights" on the LOA they submitted to RL on 2 March 2023. But this meant that the LOA they'd provided to RL could only be used for information requests. RL said that it'd simply dealt with the received LOA as a standalone request to provide the rights being requested – in this case, information only. Therefore it'd actioned the received LOA as its own request. I've seen no evidence that RL did anything wrong here. It did what it was asked to do. I can't fairly expect it to have taken a different action, even if it knew that Mr B was considering a transfer.

I haven't found any evidence that RL provided Mr B's adviser with information about Mr B's plan before it submitted a LOA to it. Therefore I'm persuaded that RL – the receiving scheme – didn't enter into detailed dialogue with Mr B's adviser about the transfer before it'd received full authority on his pension.

The evidence shows that RL emailed Mr B's adviser on 31 March 2023 to explicitly tell him that it needed a LOA which allowed the adviser to access the policy as the servicing agent before the transfer could be processed. It explained why the submitted LOA wasn't suitable for that purpose at this point.

I can also see that, after receiving this email, the adviser emailed Mr B on 4 April 2023 to tell

him:

“The reason this isn’t transferring is because the client crossed out the servicing rights part on the LOA”.

I appreciate that Mr B wants to understand why RL didn’t tell his adviser sooner that it didn’t have the correct LOA. But I’m not persuaded that RL as the receiving scheme knew that Mr B definitely wanted to transfer funds to it when his adviser first submitted the LOA on 2 March 2023. The form was a template form from the adviser’s business, which simply requested the authority to access information from RL about Mr B’s pension. I’ve not seen any evidence that RL failed to act on this LOA. And I’m not persuaded that it should’ve known that the LOA was incorrect for the purposes Mr B and his adviser had intended. Or that it should’ve questioned whether or not the adviser had submitted the correct form for what it needed to do.

Overall, I’ve seen no evidence that the transfer could’ve taken place on 23 February 2023. I say this because I’m satisfied that a suitable LOA wasn’t submitted to RL until 5 April 2023.

I next considered if the ceding part of RL has provided Mr B with a reasonable explanation about why his transfer value fell so sharply.

Has the ceding part of RL provided Mr B with a reasonable explanation about the fall in his transfer value?

In the background section of my decision, I’ve included part of the explanation the ceding part of RL provided to Mr B about why his transfer value had fallen.

I’ve carefully considered whether the full response reasonably explained the fall. Having done so, I’m satisfied that the ceding part of RL took reasonable steps to explain why the transfer value had fallen. And I consider that the explanation was reasonable.

I understand that Mr B feels that he lost the benefits of the transfer due to the value falling. While I can see why he feels this way, I can’t fairly and reasonably hold RL responsible for the market movements which led to the fall in Mr B’s transfer value.

I next considered whether RL caused avoidable delays to the transfer of Mr B’s pension.

Did RL cause avoidable delays to Mr B’s transfer?

Mr B felt that RL had caused unnecessary delays to the transfer process. And that it was therefore responsible for the fall in his transfer value.

RL said that once it’d received all the required paperwork, the transfer application went ahead. It said that before then, the transfer request couldn’t proceed.

The evidence shows that the ceding part of RL still hadn’t received either the completed TDF it’d requested, or the Origo alternative, on 4 April 2023. At this point, the higher transfer value had already expired. I can see that the ceding part of RL had informed Mr B and his adviser what it still needed on more than one occasion before the transfer value had expired. So I can’t fairly say that RL caused Mr B to lose out on the higher transfer value. I say this because neither he nor his adviser provided the paperwork the ceding part of RL told them it still needed before 2 April 2023.

The evidence shows that the adviser submitted the correct LOA to RL on 5 April 2012. This was after the expiry of the higher transfer value.

RL said it also needed a completed transfer application before it could process the transfer. And that 12 April 2023 was the date that both of these criteria were met. So the application proceeded from this date onwards.

The transfer was received and invested by RL as of date of receipt, 15 May 2023.

From what I've seen, RL took around four weeks to process the transfer once it'd received all of the documentation it needed from Mr B and his adviser. I consider this to be a reasonable timeframe. And I've seen no evidence that RL caused avoidable delays. Therefore I can't fairly uphold this part of the complaint.

I finally considered Mr B's complaint that the two parts of RL involved in the transfer didn't communicate well between themselves or with Mr B and his adviser.

Was there a communication problem within RL?

I understand why Mr B may have felt that he was only dealing with one business for both parts of his transfer. And that the two parts of RL would both be aware of what was going on for both sides of the transfer. But I can't fairly agree.

The evidence shows that both parts of RL have already explained to Mr B that they have separate requirements. And that they don't share all information about a transfer between the two parts of the business. I don't consider that this is an unreasonable position. I say this because I wouldn't expect ceding and receiving providers to share information whether or not they were part of the same business. I don't consider it would be appropriate.

I can see that Mr B and his adviser felt that some of the things they'd discussed with the ceding part of RL should've been known by RL as the receiving scheme. But this wasn't a correct assumption.

Overall, I've seen no evidence that there was a communication problem with RL.

I'm sorry that Mr B received a lower transfer value, later than he expected, and that this affected his plans. But having considered all of his complaint points, I'm not found that RL did anything wrong. Therefore I can't uphold this complaint.

My final decision

For the reasons set out above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 January 2024.

Jo Occleshaw
Ombudsman