

The complaint

Mr G complains that Pension Works Limited caused unreasonable delays in advising him on the transfer of three of his pensions. He's also unhappy with the customer service it provided him during this time.

What happened

Mr G had two Defined Benefit (DB) schemes from separate employers that he was interested in transferring to a personal pension. Mr G also had a defined contribution plan (DC) with one of the employers.

His IFA didn't hold the necessary qualifications to advise on pension transfers and so, in February 2022, Mr G was referred to Pension Works Limited to obtain advice.

Letters of Authority were signed in respect of all three schemes on 18 February 2022 following which Pension Works Limited requested the information that it would need to advise on all three schemes. At this stage it wasn't clear that there were Additional Voluntary Contributions (AVCs) held as part of the DC scheme and they included a 7% growth guarantee. There was a letter to Mr G dated 9 February 2022 about the DB benefits in which it was confirmed that the DC pot included AVCs.

However, the letter sent to Pension Works on 16 February responding to their information request stated that the AVCs were held within the DB section of the scheme so this wasn't entirely clear.

Mr G had an initial call with Pension Works to ask some basic questions on 21 February 2022 to work out what service Mr G was seeking and the details of the pensions involved. Mr G asked within this call whether the DC scheme would need to form part of the advice or whether he could do that himself but he didn't receive a clear answer.

On 14th of April Mr G was contacted to arrange a fact-finding call on 26 April.

Mr G said that following the call he asked a question for which he did not receive a response and then had to chase a week after. And he never got an answer to that question.

The guaranteed transfer values (CETVs) for the two schemes expired on 31 May and 28 June 2022.

The issue regarding the DC scheme having guarantees wasn't picked up by Pension Works until 17 May and it wasn't until 29 June that they were provided with the correct information. It was also confirmed at this point that if the DB scheme benefits were transferred, then the DC benefits and AVCs would also need to be transferred at the same time.

The abridged advice call occurred on 19 May. Within this call Mr G asked if the CETV for the DB scheme that expired on 28 June 2022 could be met. He explained that he was aware of the current volatility with these values and expected it to go down if it could not be met. The

adviser said it should be met but caveated that he could never say yes with 100% guarantee as things can crop up. But he said it was *'as yes an answer as he could give'*.

There was also some confusion caused with the fee Mr G would pay, Mr G was told the fee would reduce to £3,712.50 as one of the schemes was no longer to be advised upon but it was then discovered that had been calculated in error. And the fee should be £4,709.94. The new fee amount was communicated to Mr G but I understand without adequate explanation of the change.

Following that call Pension Works made a number of enquiries and chasers to the schemes involved to clarify outstanding matters.

Due to another change in the pensions needed to be included in the advice, Pension Works says it communicated to Mr G that the advice fee would increase close to its maximum and it agreed upon a fee of £9,530.63.

On 4 August the advice call took place with Mr G and within that call the adviser said to Mr G that it still needed to be signed off, but they were likely to discount the fee for advice due to the process Mr G had been through.

It was later confirmed the advice fee would be £5,872.00.

The transfer process completed in December 2022 and following this Mr G subsequently complained to Pension Works Limited:

- Mr G felt that the questionable advice had led to a loss of £82,000 the transfer value had decreased by this amount due CETV deadlines expiring.
- The lack of updates throughout by the adviser.
- The mismanagement of the case by not including the three cases at outset as instructed
- No explanation as to why the review took so long.
- Missing all the CETV deadlines.

Pension Works responded to the complaint. Within this it explained:

- That the fact-find call could only be booked once it had received the scheme information from the plans.
- In relation to an email it didn't respond to it said it was framed in such way that it didn't require a response.
- The fee initially was going to be based on a value of £658,920.93 just based on the two DB schemes and not the DC scheme. Then at the abridged advice stage one of the DB schemes wasn't going to form part of the full advice process and the fee was therefore set at £3,712.50. It was then discovered this was a mistake and increased to £4,709.94 but this wasn't adequately explained. Later in the process it was communicated to Mr G that the aforementioned DB scheme could be included as advice needed to be given on the linked DC scheme and so it made sense to include all the schemes in the advice, but this would increase the fee towards its maximum. It understood that Mr G felt this was at odds with what it had said in the abridged advice call, but it felt the reasoning behind this was sound.
- It said it did not cause the loss of £82,000 as it had not received the information from the scheme in time to meet the CETV deadlines.
- The adviser did not update Mr G because this is the role of the back office team.
- It accepted that its communication could've been better and given Mr G's knowledge and experience of financial matters more should've been done to ensure he understood why there were delays.

- It said it was unable to uphold Mr G's complaint but that it offered £500 in recognition of the trouble and upset caused to Mr G for the delays encountered. This was in addition to the previously agreed reduction to its advice fee.

Mr G disagreed with the response and felt that the £500 offered wasn't sufficient – so referred the complaint here.

Pension Works then told us that it had withdrawn its offer of £500 as it had offered that to resolve the complaint. It now didn't feel it was warranted and that it had already offered a substantial reduction in fee that should more than compensate Mr G for any misgivings he had about the service given.

Our investigator looked into matters and said:

- Mr G had confirmed he was happy with the overall result of the advice and so he wouldn't be looking into the merits of the advice itself.
- The process of abridged and full advice was fair and the clarifications of why there were changes in which schemes would be involved in the process were reasonable.
- Pension Works could've made the process of abridged advice to full advice clearer to Mr G.
- The adviser didn't do anything wrong in including all three plans in the full advice but ought to have done more to explain the apparent contradictions in advice from the abridged advice to the full advice.
- Pension Works weren't responsible for the CETV's being missed. It chased for information sufficiently from the administrators of the schemes involved.
- Pension Works ought to have kept Mr G much better informed throughout the process and made it clear if and when deadlines wouldn't be met.
- There were a number of occasions when Pension Works didn't respond to Mr G and his IFA's emails and calls.
- The investigator didn't agree that Pension Works were at fault for the CETV being missed but felt they could've communicated much better with Mr G. And that the poor communication through the process would've caused Mr G unnecessary distress and inconvenience. He felt the £500 offer that had now been withdrawn was higher than what we'd award in these circumstances and recommended an award of £300.

Mr G accepted the investigator's recommendation but Pension Works said it didn't agree to the £300. It felt the reduction in fee was already sufficient and that it shouldn't also have to make a payment for the distress and inconvenience caused as the fee reduction more than covered this.

Our investigator didn't agree and said that the distress and inconvenience had been offered in addition to the reduction in the fee. Pension Works in response said that it had been made as a gesture of goodwill, but it had explained it would be withdrawn if not accepted at the time. It strongly felt the fee reduction was already sufficient. It explained its generic charging structure meant it ought to have charged Mr G £14,950 but it had agreed to reduce its fee in recognition of the process he'd been through at that point to just over £5,872.00.

As no agreement could be reached the case requires an ombudsman's decision.

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.

And having done so I agree with the recommendation made by our investigator and broadly for the same reasons.

Mr G accepted the investigator's recommendations regarding the core elements of this complaint. And having looked at the evidence, I agree with the investigator's view on these matters. Whilst the advice and transfer process didn't run smoothly, I don't think Pension Works is responsible for the CETV deadline being missed and Mr G's transfer value reducing by £82,000. It was required to make sure it had all the relevant information about the schemes before it could give full advice and arrange the transfer. Unfortunately, this proved difficult but Pension Works did chase the administrators and in the circumstances I don't think realistically it would be fair to say it ought to have completed the process before the CETV's expired.

The only matter left in dispute is the award the investigator made for the trouble and upset caused to Mr G. Mr G wasn't happy with the original offer made by Pension Works of £500 which is one of the reasons he brought the complaint to our service. However, after a discussion with our investigator he was happy to accept the £300 recommended. Pension Works disagrees that any award is due. As it states it has already compensated Mr G for any issues with the process by significantly reducing the fee that Mr G had to pay for the advice.

Pension Works argues that the reduction in the advice fee was essentially in lieu of any award for distress and inconvenience. After Mr G had complained the final response says:

'However, in an effort to draw the matter to a conclusion and in recognition of the trouble and upset caused to you by the delays encountered, I would like to offer an amount of £500. This is in addition to the previously agreed reduction to our advice fee. This offer is made without prejudice, and in full and final settlement of the concerns you have raised'.

I appreciate Pension Works said the offer was made without prejudice but it also said that the offer was made in recognition of the trouble and upset caused *in addition* to the reduction in the advice fee.

In emails after the final response, Pension Works said:

'As I confirmed in my earlier email and during our conversation the other week, I'm satisfied that £500 is generous and likely more than would be awarded by the Financial Ombudsman Service, but I'm willing to discuss this with you in order to hopefully reach an amicable conclusion'.

Pension Works has said it only made the offer in an attempt to resolve the complaint and to avoid the extra work and cost of a complaint continuing to this service. And it then withdrew the offer on this basis. It also said it explained this to Mr G at the time that this is what it would do, although the evidence above doesn't support that this was the case.

Pension Works have informed us that the reasons for the fee reduction were discussed internally and not recorded. And I've listened to the call with Mr G when this was communicated to him. The reason was not made completely clear but I'm satisfied that it was likely due to the rather bumpy ride Mr G had experienced in its process so far.

Prior to this Mr G had been informed the fee was around £3,712.50 and then this was discovered to be an error and it was changed without prior explanation to £4,709.94. Mr G was then informed the fee could increase substantially as all the schemes would now need to be included – which represented an increase of almost three times the fee agreed before.

And Mr G had initially tried to get clarification on whether all three schemes needed to be included with a clear answer. So, I think this may have also played a big part in a fee different to the standard terms of business being applied. I think it was already clear at this point that Mr G was unhappy with the process and he'd received inconsistent information about the fee he would pay. And his CETV deadlines had already been missed, meaning a loss of £82,000. As I noted in the background to this complaint, Pension Works whilst not guaranteeing the deadline of that CETV would be met, indicated that it likely would be. It then failed to sufficiently keep Mr G updated when it became clear it wouldn't be met despite this clearly being important to Mr G.

Pension Works terms of business allow it to calculate a fee on an individual basis. And I think its quite possible Pension Works may have agreed to this regardless of the poor communication and lack of updates Mr G had received. As explained above, there were a number of changes to the expected fee previously, due to its typical way of calculating a fee being based on the transfer value involved. However, the transfer value (and therefore fee for the advice) changed markedly on more than one occasion due to the changing picture of what schemes would be included in the advice. There was also the mistake in quoting the fee at a lower price than it should've done so – and then not adequately explaining this to Mr G before he received notification of the higher fee. As I said above, Pension Work's terms of business allow it to calculate fees differently from its standard method and this seems like the sort of occasion where this might be decided appropriate. And I don't think Mr G understood that the fee reduction was made on the basis of him not making a complaint at a later date or in full recognition of all the poor service he'd received.

Ultimately, I think the recommendation the investigator has made of an award of £300 for the distress and inconvenience caused, is fair and reasonable in the circumstances. There are numerous instances throughout the process where Pension Works could've communicated much better with Mr G. There are instances where it didn't respond to his emails and calls. It was clear that Mr G was very keen to get the process completed before the latter CETV expired, whilst Pension Works didn't guarantee it would meet this, it didn't keep him updated with its progress. The original welcome call was in February yet the fact find call wasn't booked in until 26 April. Whilst I understand Pension Works was in the mean-time requesting information and I don't think this caused a delay to the overall process, Mr G was in his mind in a race against time and I don't think Pension Works did enough to keep him informed or manage his expectations.

I accept that Pension Works reduced their fee and likely in part due to some of the service issues Mr G suffered. However, I doubt this was in recognition of customer services issues such as not responding to calls and not keeping Mr G updated throughout the process. Which Mr G clearly found very frustrating. I think this ought to be recognised separately from the lower fee agreed – as it seems Pension Works also thought initially. So I don't think it is unfair or unreasonable to make an award recognising this despite the fact that Pension Works agreed a reduced fee with Mr G.

Putting things right

To settle this complaint Pension Works Limited needs to pay Mr G £300 in recognition of the customer services issues that will have caused him undue distress and inconvenience.

My final decision

I uphold this complaint in part and require Pension Works Limited to put things right as stated above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or

reject my decision before 5 January 2024.

Simon Hollingshead
Ombudsman