

The complaint

Mr F complains that Standard Life Assurance Limited failed to treat him fairly when he switched some investments he held in his pension plan.

What happened

Mr F holds pension savings with Standard Life. In January 2023 he made an online request to switch some of his pension investments into an alternative investment fund. In order to execute that instruction Standard Life needed to first sell some of Mr F's pension investments. Mr F complains that the price point used by Standard Life when completing that sale was incorrect.

Mr F's complaint has been assessed by one of our investigators. He thought that the way Standard Life had dealt with Mr F's instruction was correct, and in line with the published terms and conditions of the pension plan. So he didn't think Mr F's complaint should be upheld.

Mr F didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr F and by Standard Life. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset 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 – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would 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 hadn't occurred.

To decide this complaint I need to consider whether Standard Life has acted in accordance with the terms and conditions of Mr F's pension plan. It seems clear to me that Standard Life hasn't communicated with Mr F as effectively as it might have – and that is likely to have caused, or at the very least added to, the dissatisfaction that has led to Mr F bringing his complaint to us. But the crux of the matter here isn't whether Standard Life has effectively explained its actions – it is whether Standard Life has treated Mr F fairly when it sold some of his pension investments.

I think it would first be helpful for me to set out my understanding of how the pricing of Mr F's pension investments takes place, and in particular how that is applied to any sales of those assets.

The pension investment that Mr F asked to be sold (in order for it to be switched into an alternative fund) comprised a range of different underlying investments. So the calculation of the price of the investment fund is relatively complex and not performed in real time. Instead the price of the fund is calculated once each day, generally around 2pm, and that is then used as the price for any sale transactions that take place the following working day.

Mr F provided his switch instruction to Standard Life on Thursday 19 January 2023. The relevant terms and conditions for the pension plan set out that Standard Life will actually action that request either two or three business days later depending on the time of receipt. Mr F's instruction was received before the relevant cut off time, so he could reasonably expect the sale of his investment to take place two business days later – that would be on Monday 23 January.

And that is what happened – Standard Life completed the sale of the relevant part of Mr F's pension investments on that day. But to complete that sale Standard Life would need to reference the price that had been calculated the previous business day – on Friday 20 January. And that was indeed the price Standard Life used when it calculated the value of the pension investments Mr F had sold.

But there are other factors here that don't entirely align with what Standard Life has told Mr F. And I think they are what has caused the greatest confusion to him.

Generally Standard Life explains that the daily calculated price would be notified to investors at the start of the following business day, and used for trades on that date. As I've said earlier, the price that was used for Mr F's transaction was correctly calculated during Friday 20 January. But the price was actually declared after the close of business that day, and so was available for Mr F to see on Saturday 21 January.

But since no trading would take place on the Saturday, the early notification of the trading price for the following working day had no material impact. I accept that it might have caused some confusion to Mr F, but I think it actually falls within a reasonable interpretation of "the start of the following working day". The weekend period simply afforded a much longer administrative period between the close of business on the Friday and the start of trading on the Monday for the price declaration to be completed and published.

It seems to me that Mr F's confusion has arisen due to the interchangeable language that is used to describe the date of the price calculation. A price calculated on day 1 would be used for any sales that were made on day 2. But it would generally be called day 2's price although it was calculated on day 1. So I am satisfied that the way in which Standard Life has calculated the sale value of Mr F's pension investments has resulted in him receiving the correct and fair value for his holdings.

I appreciate that my decision will be disappointing for Mr F as using the price calculated on Monday 23 January would have resulted in him receiving a higher sale value. But the sale that was made needed to be finalised before the price calculated on the Monday would have been published. So that persuades me that Standard Life was correct in using the current price – that calculated on Friday 20 January – as the basis of Mr F's sale.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Standard Life Assurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 11 December 2023.

Paul Reilly
Ombudsman