



## Case study: Pension

### INCOMPLETE ACQUISITION DELAYS TRANSFER OF PENSION PLAN

Themes: Pension plan; rights of beneficiaries; role and responsibility of trustee; transfer delays.

This complaint is about delays in transferring a pension plan when the new trustee failed to reassign the underlying investments in a timely manner.

Mr J was part of a multi-member pension plan. In March 2018, the plan – including Mr J's sub-plan – was acquired by a new trustee. After the appointment of the new trustee an audit was carried out to ensure all the assets were correctly assigned to the respective sub-plans. In June 2018, Mr J told his new trustee he wanted to transfer his pension plan to an alternative trustee. Mr J also asked about the value of his pension plan. Mr J's new trustee told him that they were in the process of a plan acquisition and could not provide any information until that was complete.

In November 2018, Mr J instructed the trustee to transfer his pension plan to the alternative trustee he had suggested. However, the trustee realised that some of Mr J's investments were still awaiting re-assignment from the previous trustee and were unable to complete the transfer. Mr J made a complaint to his trustee, saying that they had not done anything to complete the transfer in eight months. The trustee offered to reduce the transfer fee and waive their annual fee, but Mr J rejected this offer. By June 2019, the re-assignment had been completed and Mr J's sub-plan had been transferred to his preferred new trustee. Mr J made a complaint to CIFO as he felt the delays in completing the reassignment meant he could not be in the investments he wanted and he claimed he had lost investment gains for the first six months of 2019. He said he would accept £20,000 to cover these losses.

During CIFO's initial review, it noted that the alternate Trustee's pension plan structure had increased in value during this period and would have provided a substantial return to Mr J's pension plan, had it been transferred as and when requested. Therefore, CIFO upheld the complaint and recommended the new trustee reimburse Mr J for the lost investment growth which his pension plan would have accumulated during this period (approximately £37,000), a refund of the transfer and annual fees (approximately £2,500) and £500 compensation for the distress and inconvenience they had caused Mr J, totalling approximately £40,000. The trustee did not agree with CIFO's recommendation. They said that they were not aware of Mr J's investment plans and the delays were not all their fault; some were due to the new investment manager and the complexity of the acquisition.

CIFO again investigated and concluded that it was reasonable that the trustee should have completed the transfer by March 2019. Therefore, CIFO recalculated the reimbursement total for the loss of investment growth during the period between March and June 2019 and recommended the trustee offer Mr J £20,000 for the loss of investment growth, to include a refund of the transfer

and annual fees and compensation for the distress and inconvenience they had caused Mr J. The recommendation was accepted by both parties.