

The complaint

Mr S complains about poor administration by James Hay Administration Company Ltd (JH) which he said meant he lost the opportunity to invest in a fixed term deposit.

What happened

Mr S said he had given an instruction to fully disinvest his self-invested personal pension (SIPP) on 20 March and this was completed on 27 March 2020, with all funds in his account with the investment manager (IM). He intended to invest it in five deposits of around £85,000 each with five JH panel banks. He completed some deposit applications by 30 March 2020 and receipt was confirmed by JH. He assumed investment would shortly be placed and confirmed, but he heard nothing.

He chased on 8 April and again on 17 April and his financial adviser (FA) filed a complaint. JH sent him a message on 18 April to say that one intended provider had withdrawn term deposits. He felt JH had delayed and caused him to miss out on the opportunity to invest in the product intended. He chased confirmation about the other deposits. JH said it received the SIPP funds on 15 April. He chased again on 1 May to get confirmation of the deposits, but no reply was sent. He wrote again on 4 June and JH replied that day to confirm funds had been placed with three providers and confirmed the terms and rates. Funds were actually placed with the providers on 20, 21 and 22 April. JH said it would get back to him about the final deposit, despite it being over 2 months after he might reasonably have expected funds to be on deposit.

Mr S thought the disinvested funds should have been in his JH account by 4 April. He complained about the inability of JH to communicate and slow dealings with the third party holding the investments and that it delayed sending instruction to close the account and release the money to JH. He wanted JH to pay compensation for the lost interest and to refund their charges for three months given the poor service and the inconvenience caused. He was still waiting confirmation that the remaining funds had been placed and the interest rate. He said he had lost interest on his money due to the delay in deposit and also missed some fixed rates that had been withdrawn.

JH said Mr S's IFA contacted it on 31 March to say that Mr S had disinvested his holdings with his investment manager (IM) and he wanted to close the account. The IFA asked it to send instructions to the IM to request it to return Mr S's money to his SIPP cash account with them. It said it sent closure instructions to the IM on 6 April 2020 by post which was its current process for that investment manager. It also sent a secure message that day confirming the instruction had been sent.

On 14 April the IM confirmed it received the instruction on 9 April 2020. The IM requested authority to make payment by CHAPs which was confirmed on that day. It received the

money on 15 April 2020 and after reconciliation it was added to Mr S's account on 16 April 2020. Funds were sent on to four of the five requested deposits on 20 April 2020. However, the fifth was no longer accepting business. It didn't think it had caused any unreasonable

delay in sending instructions to the IM and it complied with its normal turnaround times and its normal process for dealing with that IM. It wasn't responsible for the time taken by Royal Mail to deliver the instruction. Nor for the fact it took from 9 April when the IM received the confirmation to 15 April to send the proceeds.

My provisional decision

I issued a provisional decision in this case. I said that in order to make an award I needed to decide if JH has done anything wrong. At the heart of the complaint was the time taken to transfer Mr S's money from the IM to the new deposit account providers and the lack of communication.

I considered the timescales involved. Mr S suggested it took over 30 days, but I didn't agree. While that might have been the total timescale from the point of disinvestment with the IM to receipt by the new deposit account providers that is not what I am considering here. The complaint is against JH and I could only consider its actions or failure to act.

I could see that Mr S's IFA informed JH that the money would be ready to return from the IM to JH on Tuesday 31 March 2020. JH issued a request for payment to the IM by letter on Monday 6 April 2020. Treating the day of the instruction as day zero, this action was completed within the 4-working day standard JH said is the service standard for such action.

I noted Mr S's comment that issuing a letter during a pandemic when there might not be anyone in the office to receive it, might not have been the most effective approach to completing the transaction. However, I noted that JH said this was the agreed process used between it and the IM. Unfortunately, at that time it took until Thursday 9 April (just before the Easter weekend) for the letter to arrive. I couldn't hold JH responsible for the delay due to Royal Mail.

I considered whether I might reasonably have expected another approach given the Government stay at home order due to the pandemic. But it isn't for this service to tell JH how to run its business and this action was in the very early weeks of the working from home order. In any event there wasn't any delay once the letter was received by the IM as it immediately requested authority to apply a CHAPS fee and JH replied quickly. The transfer was actioned on the first working day after the Easter weekend (Tuesday 14 April). The Money arrived on Wednesday 15 April and was reconciled to Mr S's account by Thursday 16 April. So, I didn't think there is evidence of unreasonable delay by JH.

The money was sent on and invested, with all except one of the deposit account funds for which Mr S had completed forms, between Monday 20 and Wednesday 22 April. I didn't think that was unreasonable even given the working circumstances for business at that time. With respect to the loss of opportunity to invest in one of the deposit accounts JH confirmed the account was withdrawn before Mr S's funds were received so it would never have been possible for him to get the benefit of the terms.

So, I didn't think there was evidence of unreasonable delay by JH in dealing with the transfer of money from the IM and then onto the deposit providers.

I considered Mr S's complaint about poor communication. I noted this was a SIPP and Mr S had a financial adviser, so I would not expect JH to be providing detailed updates of its action over and above those it normally did.

Mr H says he made contact on 1 May to get confirmation of the deposit of funds (which we know took place the previous week). JH confirmed that Mr S had sent a secure message on 1 May 2020, but it was not responded to.

Mr S provided a copy of the communication sent on 1 May. This asked for confirmation and said only one deposit was shown as being confirmed but he couldn't see the underlying rate confirmed. It was sent in response to an email from JH of 20 April which confirmed a deposit and said it should receive confirmation within 15 working days (which would have been mid-May). Mr S also sent copy exchanges with his IFA which also confirmed the IFA could see limited information online but noting that one of the deposits was no longer available. It is clear Mr S and his IFA were keen to check the deposits and the rates awarded but were unable to get that information online, noting instead the transactions were shown as unconfirmed trades.

I could understand Mr S's frustration and that he wished to make sure his money had safely reached its destination and to get confirmation of the rates being received. JH accepts that it didn't reply to the message sent on 1 May. However, I note also that JH said there was a 15 working day window for confirmation so that information wouldn't have been available at 1 May 2020 in any event. It did also seem some information was visible online as unconfirmed trades.

As JH has accepted it didn't reply to the email of 1 May I could consider making an award for any loss and distress and inconvenience. The failure to reply to the email did not cause any financial loss as the email was about confirmation of deposit and the rate that was being requested. So, the failure to reply didn't affect the fact the money had been placed on deposit.

I can make an award to reflect the impact on Mr S of the failure to reply. I could see that the impact was frustrating especially as it came at the end of what Mr S felt had been long delays in getting the money from the IM and into the deposit accounts. I can see that the failure would have been more frustrating than might normally have been the case because of the chain of events that led up to that point in time. However, Mr S did eventually get the confirmation he needed. For those reasons I thought the impact of the failure was moderate. I thought an award of £50 was be fair and reasonable in the circumstances.

I proposed to uphold this complaint and direct that James Hay Administration Company Ltd should pay Mr S £50.00.

Mr S said he was happy to accept my decision and pleased that the shortcomings of JH had been recognised.

JH said it had nothing further to add.

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 and in the light of the replies I have not changed my proposed decision.

Putting things right

In order to put things right I am going to direct that James Hay Administration Company Ltd should pay Mr S £50.00.

My final decision

I uphold this complaint.

I direct that James Hay Administration Company Ltd should within 30 days of this Service notifying it that Mr S has accepted my decision, pay Mr S £50.00

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 December 2021.

Colette Bewley
Ombudsman