

## **The complaint**

Mr S has complained that Interactive Investor Services Limited required him to complete a new form to continue receiving his income withdrawals when his Self Invested Personal Pension (SIPP) account was transferred to it, but that it didn't inform him of this requirement.

## **What happened**

Mr S was withdrawing an income of £1,500 pm from a SIPP with The Share Centre, and in June 2021 the SIPP "migrated" to Interactive Investor. But Mr S didn't receive his next expected monthly income payment and contacted Interactive Investor at the end of June 2021 to query this.

Interactive Investor replied, asking Mr S to confirm the monetary amount of his usual withdrawal, to which Mr S confirmed the amount. Interactive Investor contacted Mr S further in early July 2021, saying that it hadn't received any drawdown request from Mr S and that he would need to complete the necessary form to set up the income withdrawals.

Mr S said in response that he'd received a statement from Interactive Investor which showed that he was receiving the regular income withdrawals and so he didn't understand why it would need a new withdrawal instruction form to be completed.

Interactive Investor dealt with Mr S's dissatisfaction as a complaint, and wrote to him in July 2021 setting out its findings. It said that it hadn't received the necessary forms to begin income withdrawals and that it wasn't able to simply continue with the withdrawal arrangements Mr S previously had with The Share Centre.

It further said that the statement referred to historic payments and that Mr S would need to complete a new form and provide his P45 to establish the monthly withdrawals.

Mr S then confirmed that he'd like to cancel his SIPP account and that he'd be referring his complaint to this service.

Mr S did so, adding that he'd assumed that the migration would involve a seamless transition of his withdrawal arrangements from one SIPP provider to the next. He said that, prior to the migration of his account, he'd been provided with a leaflet, entitled "Better together", which set out the following:

*"We are combining The Share Centre with interactive investor for an even better investment service for you. One that is as simple and cost effective as possible with access to the very best research and customer service. When you agree to move you can enjoy all these benefits.*

*Agreeing also means you will not have to take any further action. We will make all the arrangements for you and as your investments will move over a weekend you will not be out of the market at any stage."*

Mr S further said that, in correspondence throughout February and March 2021, before the transfer, Interactive Investor had failed to respond to complaints raised about what he considered to be unnecessary form filling relating to suitability and his investment strategy. Interactive Investor was treating him as if he was a new investor, rather than someone who already held a SIPP and was drawing an income from it, he added.

Mr S said that he understood the Better Together leaflet wording to mean that he wouldn't need to complete any additional paperwork to migrate his SIPP. This notion was reinforced by Interactive Investor confirming in response to his own query on the matter, that he wouldn't need to complete a new death benefit nomination form as this would roll over from the previous provider.

Interactive Investor knew he was taking an income from his existing SIPP, but hadn't asked him to complete any additional forms to ensure that this income would continue after the transfer, Mr S said. And if a P45 was in fact required to continue the income payments, then steps should have been taken by Interactive Investor to obtain this from The Share Centre.

Interactive Investor also wished to make further points, saying that it had contacted Mr S in advance of the migration and referred him to its terms of service, its charging structure and its website. It said it had a full section on the website relating to the process of requesting a drawdown payment and that Mr S had a responsibility to understand how a SIPP worked and what procedures were in place for issues such as withdrawing from a SIPP. Mr S also had a responsibility to ensure he was up to date with Interactive Investor's terms of service, it said.

It could see no reason as to why Mr S would have believed that he could continue to request income withdrawals from his SIPP by any other method than following Interactive Investor's drawdown process, it concluded.

One of our investigators considered the matter, and thought that the complaint should be upheld. In summary, he said that the Better Together document had informed Mr S that he didn't need to take any action for the migration as The Share Centre/Interactive Investor would make all the necessary arrangements. So he thought it was understandable that Mr S hadn't been aware that he'd need to complete new forms to continue the income payments.

He also noted Interactive Investor's comment that Mr S was told to review the terms and this should have made him aware of what he needed to do to continue the income withdrawals, but he didn't think this was very clear – especially in the context of Mr S having previously received the income and having been informed that all arrangements would be taken care of on his behalf.

The investigator thought that it would have been good practice for Interactive Investor to have made it clear, ahead of the migration, that Mr S needed to complete further forms to continue receiving his income.

He noted that Mr S had decided not to complete the forms when advised he needed to, and had then transferred his SIPP to another provider, and so he didn't think that Interactive Investor had caused Mr S a financial loss. But he nevertheless considered that Interactive Investor should pay Mr S £75 in respect of the trouble and upset that it caused in not making him aware that he'd need to complete new forms.

Interactive Investor agreed with the investigator's proposal, as did Mr S, but with the condition that he be offered an apology as well.

Interactive Investor declined to offer an apology, saying that it didn't feel it had done anything wrong, and that it had agreed to the recommended payment to resolve the matter, and so the complaint's been referred to me for 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.

And having done so, I've reached broadly the same conclusions as the investigator, and for similar reasons.

Interactive Investor has said that Mr S had a responsibility to understand how a SIPP works and that it was an execution only broker which didn't give advice. It also said that it was up to Mr S to ensure he was up to date with its terms of service. But I think this is quite a jarring comment, given that Mr S seems to have understood very well how his SIPP with The Share Centre worked and would also have been reasonably confident as to the process for him withdrawing an income – to the extent that, as far as he was concerned, he'd already done what he needed to do to access his pension funds and was enjoying a problem-free monthly income of £1,500.

Furthermore, Mr S hadn't needed any investment advice, as demonstrated by his frustration with forms relating to this earlier in the migration, and so Interactive Investor's status as an execution only broker would have been of little consequence to the matter at hand – the continuation of his income payments.

The issue here, as identified by the investigator, was that Mr S was effectively given the impression, not least by the Better Together document, that the transition between SIPPs would be seamless and that all arrangements would be taken care of by The Share Centre/Interactive Investor. And I agree with Mr S's comment that being informed that the death benefit nomination would simply roll over from his previous SIPP would reasonably have reinforced his understanding of this.

Therefore, for this reason, I think Interactive Investor's comment that it could see no reason as to why Mr S would have believed he could continue drawing an income without following its drawdown procedure is problematic.

Had it been pointed out to Mr S, or even to the general population of investors in generic terms within the Better Together document, that those who were taking an income from their SIPPs would need to complete new forms to continue that income stream, then I might take a different view.

But saying that Mr S should have read the terms and conditions on the website, when he'd received the Better Together leaflet which in essence informed him that he didn't need to take any action, isn't in my view treating him fairly.

I agree that it doesn't seem to be the case that Mr S will have suffered a financial loss, and it's fair to say that Interactive Investor did try to resolve the matter for him when the issue was brought to light, but it's clear that Mr S became frustrated and annoyed by his experience of the migration to the extent that he decided to transfer to a new provider. I don't think this was an unjustifiable course of action given the circumstances – confidence in a financial services provider is understandably important when a regular income stream is required - and this will have also caused a not insignificant amount of inconvenience.

So I think the £75 payment is justified, but I do also think an apology from Interactive

Investor for what happened would also be appropriate.

### **Putting things right**

Interactive Investor Services Limited should pay £75 to Mr S, and offer an apology to Mr S in respect of the problems he encountered with the income payments.

### **My final decision**

My final decision is that I uphold the complaint and direct Interactive Investor Services Limited to undertake the above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 November 2022.

Philip Miller  
**Ombudsman**