

The complaint

Mr S has complained about Barclays Bank UK PLC's handling of his self-invested personal pension (SIPP).

What happened

In January 2011 Barclays advised Mr S to transfer funds from an existing SIPP into another fund which is provided and administered by a company I'll call S. Barclays is Mr S' financial adviser and, in the terms described in the SIPP, act as *discretionary investment managers* for him. That means it makes day-to-day investment decisions for him, under an agreement directly between Barclays and Mr S. The fund that Mr S's SIPP is invested in is managed by a subsidiary of Barclays which I'll refer to as G. In the SIPP's terms G is known as an *external fund manager* as it manages the fund on behalf of S.

Mr S generally takes regular drawdown payments from the SIPP on a quarterly basis. But, if he wanted to change that arrangement or take some other action on the SIPP he would contact Barclays who would organise that for him.

On 19 March 2020 Mr S contacted Barclays as he wanted it to stop a planned drawdown from the SIPP scheduled for April. On 25 March 2020 Barclays left Mr S a voicemail message. It told him that it was struggling to contact S and said he may want to contact it himself. Owing to an issue with his phone Mr S didn't receive that voicemail message. He didn't contact S himself. Barclays did send S an email with Mr S's instructions but S didn't receive it until it was too late to stop the drawdown going ahead.

Mr S complained to Barclays. He thought he might have been financially disadvantaged because the drawdown went ahead at a time when the market was depressed, so any assets sold to fund the drawdown would have lost value. Barclays said it had tried to contact Mr S on 25 March 2020 because it was struggling to contact S and had left a message to advise him to contact S himself. It said its process was for clients to contact the SIPP provider – in this case S – themselves directly. It said it didn't believe it had caused Mr S any financial loss but agreed that it should have contacted him sooner. To address the impact of its shortfall in service it offered Mr S £100 compensation.

In July 2020 Mr S told Barclays he hadn't received a scheduled drawdown payment. It transpired that S had cancelled the July 2020 drawdown because it had misunderstood Barclays message asking it to stop the April 2020 drawdown and cancelled the July drawdown instead. Barclays told him that he should contact S himself about drawdown arrangements.

Mr S complained again in August 2020. In its reply Barclays said Mr S hadn't been financially disadvantaged when the April drawdown had gone ahead against his wishes. It said that was because the drawdown was funded by assets sold before Mr S had asked for it to be cancelled. It acknowledged that its instruction to cancel the April drawdown to S hadn't been clear that it was only that drawdown which should be cancelled. As a result S had mistakenly cancelled the next planned drawdown in July 2020. Barclays again offered Mr S

£100 compensation for impact of its mistakes. It also said it would consider reimbursing Mr S for any overdraft charges he incurred because of the unpaid drawdown in July 2020..

Barclays also said that – while it had recommended S as the SIPP provider – Barclays wasn't responsible for S' actions. And responsibility for administering the SIPP rested with S. It said that Mr S should approach S directly about SIPP arrangements. It said that routing his requests through Barclays had the potential to increase the time taken to action such a request as it added a layer of administration. It added that it had made Mr S aware of the appropriate arrangement – for Mr S to contact S directly – following a previous complaint in 2017.

Mr S remained unhappy and brought his complaint to us. One of our investigators looked into it. She felt that Barclays should increase its compensation for the impact of its acknowledged mistakes to £250. But, otherwise, she felt its explanations concerning the process for handling the SIPP were reasonable.

Mr S didn't agree so his complaint's been passed to me to decide.

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 I agree with our investigator's conclusions for largely the same reasons.

Since bringing his original complaint Mr S has also raised other concerns about the administration and management of his SIPP by both Barclays and S. But Mr S has told us that he's satisfied with the explanations he's received and that he doesn't wish to pursue those complaints separately. So I don't intend to address any issues Mr S has raised after Barclays provided its second complaint response in August 2020 in this decision.

Mr S has been investing in and taking funds from his SIPP since 2011. He told us that Barclays recommended S' scheme, which he has referred to as being a Barclay's scheme. And it's apparent that, over the years, Mr S has dealt directly with Barclays when accessing funds from his SIPP. He added that Barclays is the SIPP's fund manager. So he said that, if as Barclays had suggested, he needed to contact S in the first instance to arrange a drawdown, then S would have to contact Barclays so it could sell (disinvest) assets in order for him to have liquidity for that drawdown. For the same reasons he doesn't believe that contacting Barclays in the first instance would add an additional layer of administration. That's because as far as he is concerned it would be for Barclays to ensure his SIPP account had the liquidity with which to make such a drawdown. So he thinks it makes more sense for him to contact Barclays in the first instance. He believes that, in advising him to contact S first, Barclays was trying to shift the contractual relationship between the parties.

In contrast Barclays said that while it recommended S' SIPP to Mr S it isn't responsible for the administration of the SIPP; S is. Barclays said that when Mr S wishes to drawdown from the fund he should approach S; S will then see if Mr S' SIPP account has enough cash available for drawdown. If there is then S will make payment to Mr S. But, if the account doesn't hold enough cash then S will ask G to sell (disinvest) some of Mr S' assets to fund the drawdown. Barclays said that while it will pass Mr S' requests concerning drawdown to S, it's far quicker for Mr S to approach S directly as that misses out a layer of administration.

Mr S says he has no contract with S. And that previously, apart from one episode in 2017 when Barclays told him it may be better to approach S directly, he has always dealt with

Barclays about management of the SIPP. He said he only has a contractual relationship with Barclays. He added that S has confirmed that Barclays, as his financial adviser, can act for him to facilitate drawdown and disinvestment requests.

I've noted that Mr S has referred to his SIPP as being a Barclays' scheme. Mr S has also shown us an email from S in which it referred to having previously been in partnership with Barclays. But I don't think that means Barclays has any responsibility for the SIPP itself. Barclays, via S, has provided us with a copy of the application form Mr S completed and signed – no doubt with Barclays assistance – in January 2011. The form says on the first page:

"By filling in this form you are applying to enter into a contract with [S]. This application will be the basis of the contract if we accept your application."

So, in completing the application form, as he did, Mr S was applying to enter into a contract with S. And S accepted his application to become a member of its scheme. So I'm satisfied that Mr S did enter into a contract with S when it accepted his application to be a member of the SIPP. So it's not the case, as Mr S believes, that he only had a contractual relationship with Barclays.

It's notable that neither the SIPP application form nor its terms and conditions booklet at the time Mr S took it out, refer to the scheme as being a Barclays scheme, even if that is what it might have been referred to as at the time. Instead both the scheme application form and terms and conditions are clearly branded in S' name. The terms and conditions also say the scheme is both provided and administered by S. So I'm satisfied that, while Barclays sold the scheme to Mr S, Barclays isn't the SIPP provider and isn't responsible for S' administration of it.

Further Mr S has said that he doesn't pay a fee to S, instead he pays Barclays directly for its services. But Mr S is mistaken. His SIPP's scheme's terms and conditions set out the fees payable to S. It explains that its fees are deducted directly from his invested funds. So he does pay fees to S but, as those are deducted at source, he won't have to physically make a payment to it. He does also pay a fee to Barclays for its services. But I understand that fee relates to investment advice and management and not for providing or administering the SIPP.

As Mr S has appointed Barclays to act as his investment manager for the scheme then its rules allow Barclays to make drawdown and other requests for him. But, where it does so, it must put that request directly to S. S then decides if there are enough funds to make payment. If not it approaches G – not Barclays – and asks it to sell the appropriate amount of assets to fund the drawdown request.

I'm aware that G is a subsidiary of Barclays, so Mr S may think that, when he's instructed Barclays to make drawdowns for him, Barclays approaches G internally to make the necessary arrangements to ensure liquidity. But that's not what happens. Instead Barclays routes any request for payment through S. S will then make any necessary request to G to sell assets. So there's no direct internal contact between Barclays and G in those circumstances, even if they are both under the same umbrella company.

Also, as I understand it G manages the SIPP fund for S; that is, it is S that invests in G's fund not Mr S himself. So G won't necessarily know what sums are available in Mr S' SIPP account and how much of the fund assets to sell. So it will need to take instruction from S on that issue, this isn't something that Barclays as Mr S's investment manager would be able to do.

That said it's clear to me that, in the past, Mr S has made any ad hoc payment requests directly to Barclays and it has passed those requests to S on his behalf. And, with the exception of an issue in 2017 – when Barclays also advised Mr S that he should contact S directly himself – this arrangement has worked reasonably well. But I agree with Barclays that Mr S making his requests in that manner does add an extra layer of administration. That's because in order to complete such a request the following steps have to be taken:

- Mr S makes a request to Barclays.
- Barclays passes that request to S.
- S can then action that request by, for example, stopping, reducing or increasing a drawdown instruction and, if required, making a request of G to sell assets to ensure the necessary liquidity.

There are clearly a minimum of three layers to that process. But if Mr S contacts S himself, then one layer is removed, as follows:

- Mr S makes a request to S.
- S can then action that request as set out in the third bullet point above.

That is one layer of administration fewer than if Mr S contacts Barclays in the first instance. And that shorter process should, in theory, be able to run smoother. But, as I've said above, it appears that previously Mr S hasn't often experienced issues with putting requests directly to Barclays and has seen no reason to contact S directly. But in March 2020 the process broke down.

It's worth noting that on 16 March 2020 the Prime Minister announced that, owing to the concerns caused by the pandemic, people should stop all non-essential social contact and work from home wherever possible. As a result many organisations, including financial businesses such as Barclays and S, had to try to make a transition from the majority of staff being office based to working from home. But many businesses simply weren't set up for that. And they didn't necessarily have the equipment readily available to make that transition smoothly, while also safeguarding its customers' information. And this affected some businesses ability to correspond by email (because the staff didn't have the encrypted kit with which to do so) and/or making/taking phone calls.

I think it's likely that this transition process affected Mr S' request, made three days after the Prime Minister's announcement, to stop his planned April 2020 drawdown. I note that at the time Barclays told Mr S it was having difficulty contacting S itself. Mr S later, not unreasonably, questioned why Barclays didn't just email his request to S straightaway. As far as I'm aware, Barclays hasn't addressed that point head-on. But it has accepted that it delayed in dealing with the matter and letting Mr S know that on this occasion it would be better if he contacted S himself. Similarly, Barclays also accepted that, because its instruction to S wasn't clear – that he only wanted to stop the planned April 2020 drawdown – then S mistakenly stopped the July 2020 drawdown. Clearly both those incidents were sources of distress and inconvenience for Mr S. And I agree with our investigator that compensation of £250 is a reasonable sum to address the distress and inconvenience arising from that.

But it appears that, rather than the direct impact of those errors, Mr S was more concerned because he felt that Barclays was attempting to amend the existing contractual relationships between the parties to the SIPP. But, as I've described above, I'm satisfied that wasn't the case. Mr S did successfully apply for membership of S' scheme and in doing so entered into a contract with it. And while Barclays did make requests for S to take action with regards to

drawdowns, that doesn't mean that that was the most efficient manner in which such requests could be handled. Neither does it mean that Mr S only had a contractual relationship with Barclays. The SIPP process always allowed Mr S to make requests directly to S. As such, with the exception of the level of compensation it offered to Mr S, I'm persuaded that Barclays responded to Mr S' concerns appropriately and wasn't trying to alter the contractual relationships between the parties.

My final decision

For the reasons set out above my final decision is that, unless it has already done so, Barclays Bank UK PLC should pay Mr S £250 compensation in total to address the distress and inconvenience arising from the mistakes it made handling his SIPP. I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 July 2022.

Joe Scott
Ombudsman