

The complaint

Miss F complained about the service provided by Invesco Fund Managers Limited ('Invesco'). Miss F said she instructed Invesco to perform a conversion between classes of a fund and Invesco told her it wouldn't be able to do this. Miss F is not happy about this and said she has incurred a cost because of Invesco's decision not to carry out her instruction. She would like compensation because of this.

Miss F is represented in this complaint, and they have made representations on her behalf, but to keep things simple I have referred to Miss F throughout.

What happened

Miss F held a stocks and shares ISA with Invesco. She invested in one of its funds directly and her details were recorded on its register. In November 2021, Miss F contacted Invesco and asked it to convert what she held in the fund from no trail shares to Y shares. The shares were in relation to the same fund, but they had different classification.

Miss F explained to Invesco that she was looking to convert her shares because she was looking to consolidate all her investments into one platform, and she was looking to make an '*in specie*' transfer of the holding to a new provider. The new ISA provider (Party A) was only willing to accept Y shares of the fund.

Invesco said it could not carry out a conversion of Miss F's shares and said it only offered no trail shares to individuals. It said Y shares were restricted and not available to individuals so it couldn't convert her shares before she transferred them. It referred to its Supplementary Information Document (SID) where it specified this.

Miss F then went ahead and transferred her holding from Invesco to a different platform provider (Party B), who was able to convert the shares. She then instructed Party B to convert them and then once this was done transferred the holding from it to Party A. Miss F said that Invesco's unwillingness to convert the shares has incurred her a cost and it should pay her compensation for this.

Miss F also did not agree with Invesco's comments about why it said it couldn't convert and so she made a complaint to our service. An investigator looked into Miss F's concerns and didn't think Invesco needed to take any action. She said she looked at the SID form and could see that Miss F didn't meet the criteria for being able to hold Y shares. She concluded that the actions taken by Miss F to convert the shares and then transfer to her new provider, were not something that Invesco could reasonably be responsible for.

Miss F responded and said the investigator had misinterpreted the regulations and referred to FCA rules regarding collective investment schemes (COLL) and a relevant

policy statement. She said she had not seen any evidence that would suggest Invesco were unable to facilitate the transfer as she had requested. She said it seemed more likely that it was unwilling.

Invesco responded to Miss F's comments and said it follows the regulations and best practice rules. It said it states in its SID that Miss F cannot hold Y shares whilst her name is on the register. Miss F asked for an ombudsman's review and so her complaint comes to me for a final decision.

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.

I have not upheld Miss F's complaint, and I will explain why.

Miss F held a stocks and shares ISA with Invesco. Within this ISA, she was able to buy and sell funds with it. Miss F held shares in a fund within her ISA, and these were classified as no trail shares. Miss F wanted Fidelity to convert these to Y shares and then transfer them to Party A.

Invesco said it couldn't convert the shares. It told Miss F that it could transfer her no trail shares to Party A, and then it could convert the shares when it received them. It referred to its documentation relating to the stocks and shares ISA and the fund.

I have looked through the documentation Invesco has referred to, one of these documents being the SID. I can see within the SID it does state under the heading '*what share classes are available?*' that Y shares are only available to investors that meet certain criteria such as nominees and fund platforms. As an individual investor, Miss F would not have been able to hold Y shares within her ISA. So, I can see why Invesco wouldn't convert Miss F's holding to Y shares, after she had instructed it to do so.

Invesco also referred to some best practice rules for transfers and conversions. Within this it stipulates that good industry practice is for re-registration to take place first, and then it is for the acquiring party to carry out any conversion required. It says this supports what it is saying that the shares should be transferred to Party A and then it was up to it to convert. I don't need to consider Party A's role in the transfer as it is Invesco that Miss F is complaining about here. But I acknowledge the point it has made about what it says are its responsibilities within these best practice rules that it says it adheres to.

Miss F referenced an FCA rule regarding collective investment schemes this being COLL 6.4.8. This rule states that '*where there is more than one class of units offered for issue or sale, the unit holder has a right to convert from one to the other, provided that doing so would not contravene any provision in the prospectus*'. She says that this rule would not be breached if Invesco carried out her instruction to transfer between unit classes. She also referenced a policy statement.

I have given what Miss F has said here careful thought. And having looked through the documentation Invesco provided I can't agree with her on this occasion. Invesco says converting Miss F's shares would contravene its prospectus. It says within its SID it states that individuals can't hold Y shares. It says she cannot hold Y shares whilst her name is on its register. I haven't been able to see its prospectus in relation to the fund that Miss F held, but I can see that in its SID document, it has given detailed information about what it can and can't do with share conversions. I think on balance, Invesco's SID document

provides a fair reflection of what would be given in a prospectus for the fund and by virtue I think it's more likely than not that any potential conversion would contravene it. So, I am not persuaded Invesco would have breached the rule referenced by Miss F by not agreeing to convert her shares.

Finally, Miss F has said she thinks Invesco should pay for the costs that she incurred for having to transfer her holding to Party B and then post conversion, transfer her holding from Party B to Party A. For the reasons I have already given, I don't think I can hold Invesco responsible for Miss F's actions here. But in any case, I can see that Party B did not charge Miss F for transferring her holding to it or for converting the shares. From what I can see, Miss F managed to find a way to solve the problem without incurring a financial cost.

On balance, I don't think Invesco has done anything wrong, in deciding not to convert Miss F's shares. So, I won't be asking it to do anything further.

I appreciate that my decision will be disappointing for Miss F, but I hope she will at least feel that her complaint has been fully considered and that the way I've set things out helps to explain how I've reached my conclusions.

My final decision

For these reasons, I don't uphold Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 28 March 2023.

Mark Richardson
Ombudsman