

The complaint

Mr G complains Financial Administration Services Limited (“Fidelity”) didn’t do enough to tell him that a fund he held was closing and his holdings in it sold. He seeks redress for loss of growth on the resulting cash and for loss of tax benefits.

Background

Fidelity told Mr G it had notified him of the fund closure more than a month beforehand in a notice it placed on his online account. According to Fidelity, notification in this way was in line with the communication preferences set for Mr G’s account.

Mr G has said he never received an email to tell him the notice was on his account - and he preferred to receive such notices by post anyway. He says he didn’t see or open the notice and didn’t reinvest the cash proceeds as a result. He has said the notice didn’t give enough time to arrange reinvestment anyway and should also have been followed up by something else rather than relying on one notice. He has also pointed out that a later notice confirming the transaction said, wrongly, that the sale was made on his instruction.

Our investigator thought it likely Fidelity had sent Mr G an email to tell him the notice had been placed on his online account – because Fidelity sent us a screenshot showing that his account preferences were set to receive email alerts. But Mr G told us he changed this setting after the complaint. He maintained that Fidelity’s evidence didn’t show he had been sent an email about the notice and also didn’t show that the preferences on his account when the fund was sold were preferences he had selected or was aware of.

As the complaint couldn’t be resolved informally, it was passed to me for a decision. We asked Fidelity for more information. Having received this, I wrote to Mr G and Fidelity to outline my understanding of the relevant circumstances. I also made some observations on what I had seen. In summary, I said:

- Fidelity says it sent Mr G a letter in July 2017 that asked him to return a slip if he wished to continue getting postal correspondence. Fidelity says Mr G didn’t return the slip and so his account settings moved to online-only from August 2017.
- The copy of the July 2017 letter Fidelity sent us promised: *“we’ll send you an email whenever there is a new document waiting for you online”*.
- A letter dated July 2018 about the forthcoming fund closure was placed on Mr G’s online account on 1 August 2018. But Fidelity says it can see from its records that it *didn’t* send Mr G an email to alert him to this.
- Mr G’s fund holding was sold on 10 September 2018. A letter confirming this was placed on Mr G’s online account afterwards. Fidelity says it can see from its records that it *didn’t* send Mr G an email to alert him to this.
- Fidelity says an email alert for the July 2018 fund closure letter would only have been sent to Mr G if his account preferences were set for email alerts. But Fidelity says an

email alert should've been sent to Mr G for the letter confirming the sale of his fund holding, regardless of his account preferences. Fidelity says this wasn't sent to Mr G due to a problem Fidelity was having during a certain period with these sorts of email alerts.

- Fidelity says it has data to show Mr G's account preference for email alerts was turned on in 2021 - which is consistent with what Mr G says about turning these on at that time. But Fidelity says it has no data to show what the settings were in the years before that. So Fidelity has no data to show what the setting was in July or August 2018 or in the period before that.
- The fact an email alert for the fund closure notice was not sent to Mr G in August 2018, is consistent with email alerts not being turned on in his account preferences at that time. If email alerts were not on in August 2018, this could be because Fidelity didn't turn them on like it should have done in August 2017 – or because they were turned off before August 2018 by Mr G or in some other way. From what Fidelity has told us, there is no data to show conclusively what did happen.
- Fidelity has sent data that shows Mr G logged on to his online account at various times over the years. It shows he logged on in 2017 both before and after his account was set to online-only correspondence. It shows that after the fund closure letter was placed on his account on 1 August 2018, Mr G logged on to his account twice in September 2018 - the first time being ten days after the sale of the fund and the second time being 20 days after it. He next logged on in March 2019.
- Fidelity says Mr G's account in which he held the fund, wasn't a tax wrapper of any kind (like an ISA for example) and the sale of the fund within the account didn't lead to Mr G losing any tax wrapper benefits. Mr G hasn't given us anything to suggest this is wrong. Also Fidelity's letter about the sale said the proceeds would be kept in the same account, which doesn't suggest the sale would affect any tax wrapper benefits if there were any.
- Mr G's account was likely set to online-only in August 2017 following Fidelity's July 2017 letter. I haven't seen data to show that Mr G was sent the letter but it was clearly a letter designed for customers in Mr G's situation who were still receiving communications by post. Fidelity sent us evidence that showed Mr G was included in, and had responded to, a similar mailing two years earlier. It seems reasonable to conclude that Mr G was sent the July 2017 letter.
- Fidelity accepts it was at fault for not sending Mr G an email to alert him to the letter on his account confirming the September 2018 sale of his fund holding.
- Fidelity isn't at fault for not having data to show the email alert preferences for Mr G's account as far back as 2018. But this does mean the question of why Mr G didn't receive an email alert for the July 2018 letter is one I have to answer without data that would give a conclusive answer. The apparently unrelated problem Fidelity had told us it had with the other email alert does at least highlight that things can go wrong with this process. On balance my view is that the alert wasn't sent due to an error on Fidelity's part.
- The purpose of the email alerts was to prompt Mr G to access his account so he could review in a timely manner new documents placed there. But Mr G had accessed his account shortly after the fund sale and his account will have shown unread documents, namely the letters about the forthcoming fund closure and the letter confirming it had taken place. The fact the fund had been sold would also have been visible from what was shown online about the account holdings. It wouldn't seem fair or reasonable to hold Fidelity responsible for losses that Mr G could have avoided by reading, when accessing

the account, the notices Fidelity had placed there to inform him of the fund sale.

- I've nothing to suggest the fund was held within a tax wrapper or that the proceeds of the sale were moved from a tax-free to a taxable account.
- Overall, it doesn't seem fair to hold Fidelity responsible for lost investment growth of the kind Mr G was seeking. But Fidelity's failure to send him the email alerts it ought to have sent has caused him inconvenience and disappointment for which Fidelity should pay him £250 as redress rather than the £50 it had offered.

I invited Mr G and Fidelity to provide any more comments they wished to make. I haven't received anything new to consider as a result.

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've decided to uphold Mr G's complaint in part and for the reasons I've already outlined above.

In brief summary, I don't think it would be fair and reasonable to ask Fidelity to compensate Mr G for lost investment growth on proceeds of the sale of the fund, bearing in mind that he accessed his account shortly after the fund had been sold and when information about this was available on his account for him to review. Also I don't believe that the sale of the fund led to the loss of any tax wrapper benefits. I say this because the evidence I have suggests the account didn't have any tax wrapper benefits and that any such benefits wouldn't have been affected by the sale of the fund in any event.

But I do think Fidelity was at fault for not sending Mr G email alerts it ought to have sent him about the fund closure. I think this has caused Mr G inconvenience and disappointment for which Fidelity should compensate Mr G. So on these points I uphold Mr G's complaint.

Putting things right

Financial Administration Services Limited should pay him Mr G £250 for inconvenience and disappointment caused to Mr G by the failings I've identified above. This should be paid instead of the £50 it has already offered Mr G.

My final decision

For the reasons I've given above, I uphold Mr G's complaint.

Financial Administration Services Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 March 2023.

Richard Sheridan
Ombudsman