

The complaint

Mr P has complained that Financial Administration Services Limited (FAS) has sold one of his investment units within his Self Invested Personal Pension (SIPP) without informing him, to cover the monthly charges. Mr P has further complained that, although he transferred funds to his SIPP last year from another pension plan, the online portal hadn't updated correctly and was still showing as being in progress.

What happened

Mr P transferred funds from another pension plan in June 2021, and this was received by FAS on 25 June 2021. But the online portal didn't properly update since, and still showed the transfer as being in progress.

As of 6 April 2022, due to there being insufficient cash funds within the SIPP to cover the monthly charge, FAS sold some of Mr P's investments – one unit of a particular fund held by Mr P – to cover the cost. This completed on 7 April 2022 and FAS issued Mr P a letter the next day to confirm this.

Mr P contacted FAS in April 2022 to complain about this, saying that he hadn't been informed that his SIPP cash account balance had been low. At the same time, he also raised the issue of the transfer not showing as having completed.

FAS responded on 28 April 2022, saying that it was up to its customers to ensure that there were enough funds in their accounts to cover any fees which would be charged – and also noted that there was an online prompt when fees were due, which suggested that cash be added to the account to cover them.

FAS also confirmed that the information on the online portal regarding the transfer was an error, as the transfer had successfully completed. But it said that it had escalated this so that the tracker could be rectified.

Dissatisfied with the response, Mr P referred his complaint to this service.

One of our investigators considered the matter, but didn't think it should be upheld, saying the following in summary:

- With regard to the transfer issue, FAS was doing what he would recommend it to do, which would be to rectify the matter so that the online portal correctly showed that the transfer had completed. He expected that FAS should correct this shortly.
- With regard to the sale of the unit in one of Mr P's funds to cover the management charge, he noted that the terms of the plan said the following under the heading *"Managing your accounts, how are the charges I pay taken from my account?"*

'We will take all the fees and charges you pay from cash within your account. Where there is insufficient cash available within your account to pay any charges, we will

make up the difference by selling some of your investments when a fee is due. We will normally start with the largest investment in your account...'

- He therefore thought that FAS had adhered to the terms in selling part of Mr P's investment to cover the management charge.

Mr P replied, saying that the online portal still showed that his transfer was in progress, rather than having completed. As such, he requested that the complaint be escalated as it seemed that no action was being taken regarding this.

The investigator said that he'd already considered this aspect and that all he could do was direct FAS to correct the matter.

But Mr P said that, as his complaint hadn't been resolved, he still wished it to be escalated. As such, it was referred to me for review.

At my request, the investigator enquired of FAS as to whether the online portal issue had now been resolved. It's said that it hasn't, but that it will be "looked at" by its technology team. It added that, as it this was "value-added" tool which had no financial impact on clients, it wasn't considered a high priority.

Although FAS accepted that the error would be frustrating to Mr P, as he was aware that that the transfer had completed, the impact to him was minimal. It said that it was currently exploring options such as a manual correction, but it was unable to confirm whether this was possible, or how long it would take.

I issued a provisional decision on the matter on 16 March 2023, in which I set out my reasons for upholding the complaint. The following is an extract from that decision.

"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 similar conclusions to the investigator, and for broadly the same reasons, but with one important difference, as I set out below.

Firstly, I agree with the investigator that FAS seems to have been acting in line with the plan's terms and conditions in selling part of Mr P's investment fund to pay for the management charge, given that there was insufficient cash to cover it.

And I note that Mr P's remaining concern following the investigator's assessment of the matter focusses on the online portal issue. And I can understand Mr P's frustration at this. Despite assurances from FAS that the transfer has completed, I think it would nevertheless be quite disconcerting to see that the online portal still said that it was "in progress".

And as the transfer occurred in June 2021, FAS has now had over a year and half to ensure that the online portal showed the correct information. Mr P raised the matter as a complaint in April 2022, and this was nearly a year ago.

FAS considers this to be of minimal impact to Mr P, as he's aware that the transfer completed, and that such fixes weren't considered to be a high priority. But from a customer service perspective, I can understand why Mr P would think this wasn't good enough, and as I've said above, despite reassurances that the transfer has completed, I still think it would be understandably quite concerning for Mr P to not be able to see this on the online portal.

There's also the regulatory requirement for FAS to communicate with Mr P in a manner which is clear, fair and not misleading.

FAS may consider the fix to not be a high priority, but given the amount of time which has elapsed since Mr P brought this to its attention, I think the impact on Mr P will have been more than minimal. And if, as has been suggested, it requires a manual fix to correct Mr P's account, I would recommend that FAS does this without delay.

I can't require FAS to change its processes, or the priority it attributes to such matters, but I can direct it to compensate Mr P for the inconvenience and concern the matter will inevitably have caused him. As such, and given the length of time this has now been ongoing, I consider that FAS should pay Mr P £100."

In response, Mr P accepted the provisional decision, but queried whether the error was in breach of the plan's terms and conditions.

FAS said the following in response:

- It didn't agree that Mr P was concerned about the transfer, as he was already aware that it had completed on 26 June 2021, and he'd placed an instruction to invest the cash the next day.
- Mr P had also said that he was aware the transfer had completed and that he'd invested his money when he raised his complaint. He was aware that there was no financial impact to him, and he was only complaining about the incorrect information on FAS's website.
- FAS had confirmed that it was a technical error in its final response letter of 28 April 2022.
- As Mr P was aware that the transfer had completed, there was no need for him to view the "track your transfer" page. That page wasn't prominent when a client logged into their account, as they would need to select "manage investments" from the initial screen, and then select "track your transfer".
- Mr P was neither concerned, nor inconvenienced, by the incorrect information regarding the status of the transfer.
- FAS didn't think that the recommended £100 payment was justified, given that it had apologised and had raised the issue to be corrected. Whilst the time taken to fix it wasn't ideal, it noted that I had said in the provisional decision that I couldn't require FAS to change its processes or the priority it attributed to such matters.

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.

FAS has noted my comments in the provisional decision that this service can't require it to change its processes or the priority it might attribute to correcting a clear error on its online portal.

And in that sense, it does remain the case that if FAS is prepared for an error which first occurred in June 2021 and was complained about by Mr P in April 2022 to remain unresolved in March 2023, then it's entitled to do so.

But I remain of the view that this is poor customer service. And whilst I've noted what FAS has said about Mr P being neither concerned nor inconvenienced by the error, I don't think it's for FAS to decide whether or not this is the case. Clearly, Mr P is still concerned about it.

And so it's the role of this service to determine whether that has had, or is reasonably likely to have had, an impact on Mr P.

And in thinking further about this, Mr P may be aware that the transfer has completed, but it's one thing for either FAS or this service to reassure Mr P that the transfer has completed and that the money has been invested as instructed, but the lack of confirmation on the – albeit I accept, dedicated – page of the portal which relates to transfers is still going to understandably cause Mr P some disquiet. And until that's resolved, I think it will continue to do so.

Further, the length of time for which this has now been unresolved would in my view quite justifiably also cause concern to Mr P both in terms of the importance FAS attributes to its levels of customer service, which will have ramifications for his confidence in its ability to administer his plan, and also how seriously it treats customer concerns when raised.

My understanding is that the investigator has already conveyed to Mr P my response to his query about the possible breach of the plan's terms and conditions, and that I consider it unlikely that there will be a term which will specifically address this issue.

But it does remain the case, as I set out in the provisional decision, that FAS has a regulatory obligation to communicate with its customers in a manner which is clear, fair, and not misleading. And where communication errors are identified, I think it's likely that the regulator would expect these to be promptly corrected.

Putting things right

For the reasons set out in this and my provisional decision, my view remains that Financial Administration Services Limited should pay Mr P £100.

My final decision

My decision is that I uphold the complaint and direct Financial Administration Services Limited to pay Mr P £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 April 2023.

Philip Miller
Ombudsman