

## **The complaint**

Mr C complains that Barclays Investment Solutions Limited ('Barclays') delayed crediting an interest payment he was owed to his self-invested personal pension ('SIPP') and about the service he received.

## **What happened**

Mr C held a bond (with a provider I shall call 'N') within his Barclays Smart Investor SIPP. The bond paid Mr C half yearly interest payments. The bond matured on 30 July 2021 and was redeemed shortly after. An interest payment on the bond of £3,717.17 was due to be made to the SIPP on 31 July 2021.

On checking his account in December 2021, Mr C noticed that the interest payment that he expected on 31 July 2021 hadn't been credited so he contacted Barclays to report it was missing. Hearing nothing from Barclays about the missing payment, Mr C chased Barclays by phone and by online chat on 5 January 2022, 19 January 2022 and 31 January 2022. Call backs were promised but never happened.

On 8 February 2022 Mr C complained to Barclays, following this up on 14 February 2022, 25 February 2022, 1 March and 15 March 2022. During a telephone call between Mr C and Barclays around this time it advised him that it had returned the payment to N in mid-August 2022 and had not yet been able to successfully recover it.

Barclays issued its final response letter to Mr C's complaint on 13 April 2022 but didn't think it had done anything wrong. It said to Mr C that it had initially received multiple payments in July 2021 containing only N's name by way of a reference. It went on to say that it held multiple bonds from N on its platform and that it had been unable to identify which payment related to which (individual) bond. It also said there was no correlation between some of the payments and the bonds held. Barclays said it had queried this with the paying agent/N's registrar (who I shall refer to as 'S') but received no response.

Barclays went on to say that as it had been unable to comply with the CASS regulations to apply the payments within 10 business days of receipt it was under an obligation to return the funds to the remitter, which it did. Barclays also said that it was working to have the funds returned along with confirmation of which bonds they related to. It said it was having difficulty getting a response.

Unhappy with Barclays' response to his complaint, Mr C complained to this service. Shortly after doing so Barclays agreed to add the missing interest payment of £3,717.17 to Mr C's SIPP and to pursue N's registrar (S) for reimbursement. Our Investigator looked into Mr C's complaint and recommended it was upheld. He thought Barclays hadn't done enough to locate the missing interest payment or to resolve the issue for Mr C. He also thought that Barclays hadn't kept Mr C adequately informed about its efforts to try and get the payment made and had that it had provided poor customer service. Our Investigator said that Mr C would have invested the interest had he received it on time so he recommended Barclays work out if Mr C had suffered a loss and to compensate him if he had.

Barclays replied to our Investigator's findings by sending us a previously provided screenshot which showed its platform provider (who I shall refer to as 'F') chasing S for the payment. Barclays also repeated some comments it had made previously about the original payment not carrying the correct market identifier and the fact it had tried in the 10 business days after receipt to identify the funds without success.

Our (new) Investigator thought about what Barclays had said but wasn't persuaded to change her mind. She said Barclays, as the SIPP provider, was responsible for the actions of the third parties it engaged to provide the services and products it supplied to Mr C.

The complaint was passed 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.

#### *Interest payment*

It's not in dispute that Barclays received Mr C's interest payment of £3,717.17 from S on 31 July 2022. From what Barclays has said, it appears that this was one of a number of payments from N containing no other identifier save that it came from N. Barclays has also said it returned all the unidentifiable payments it had received from S (on behalf of N) within 10 business days as required by the CASS rules having tried in the interim to get the identifier information it needed.

I've seen a number of emails from F to S, including one asking for information about a transaction with a specific reference number. Others include requests from F to S asking it to remit the monies again so it could allocate them to its clients. Rather unhelpfully, all of the emails are undated.

S, however, has provided a timeline of events. From that I can see that S received emails from F on 3<sup>rd</sup>, 11<sup>th</sup> and 12<sup>th</sup> August 2021 asking for details about the payments it had received.

S also refers to a number of chaser emails it received from F after the funds were returned. And S notes that on 16 August 2021 it replied to F providing the information regarding the payments from N that F had requested. Having provided that information to F however, S has said it heard nothing else from F until 12 April 2022 when F contacted S to complain that it had ignored F's previous emails and to ask it to reissue the returned payment. S has said that it responded to F's email on 21 April 2022 and asked it to provide bank details for where it should reissue the payment to. S received no reply to its email.

On 5 May 2022 S said that F emailed it again to complain. On 11 May 2022 S advised F that the payment of £3,717.17 remained outstanding and that it required a £63 administration fee to issue it again. S has said that F did not reply and that it next heard from F on 12 October 2022 when it asked S to reissue the payment. F provided bank details and confirmed that the fee could be deducted from the payment.

Barclays credited Mr C's account with £3,717.17 on 13 October 2022.

S issued the payment to F, less the administration fee, on 4 November 2022.

F is acting as an agent on behalf of Barclays; that means that Barclays is responsible for F's actions and any errors and omissions it makes. The omission of any identifier for the payments S made on behalf of N is clearly not the fault of F/Barclays. And I can see from S's timeline of events that F was proactively chasing the identifier information it needed from S up to the point that it was required by the CASS rules to return the payment to N. So I'm satisfied that Barclays, through F, chased N/S for identifiers before it sent the funds back and I think Barclays/F's actions up to that point were reasonable.

Thereafter however, I think F, acting on behalf of Barclays, could have been proactive in making sure S made the payment and that it was passed on to Mr C. I say that because S's timeline says on 16 August 2021 it gave F the information regarding the payments from N that F had requested. Having provided that information to F however, S has said it heard nothing else from F until 8 months later on 12 April 2022. As it appears that F had the information required to make sure S remitted the funds and to make the payment to Mr C by mid-August 2021, it is unclear why that didn't happen. Even if for some reason F didn't receive the information from S that it claims to have sent, I don't think it's reasonable for F/Barclays to have done nothing about getting the funds remitted again until April 2022, which is presumably when it was prompted to do so on account of Mr C's complaint.

I can see from the online chats between Barclays and Mr C in the early part of 2022 that the issue of his payment was raised internally by Barclays to its corporate action team. Barclays told Mr C it was investigating the issue and was liaising with the issuer (presumably N/S). But there's no record of what the outcome of that investigation was. Indeed in the FRL Barclays tells Mr C that it was working to have the funds reissued to it along with the necessary identifier information but that it was having difficulty getting responses, although it doesn't say from whom. But that statement is in contrast to S's version of events in its timeline when it said that it provided that information to F on 16 August 2021.

I don't know why F didn't act on that information when it received it from S in August 2021. And I don't know why the matter wasn't followed up by Barclays/F and was left to Mr C to raise. But I think Barclays is at fault for not ensuring the payment was made to Mr C in a timely manner and for the omissions of its platform provider F in relation to the whole matter.

Whilst Barclays may have been unable to allocate the payment to Mr C's SIPP at the time it was due, it has a duty of care to ensure all its customers receive the payments they are entitled to. However, I've not seen any evidence that Barclays provided Mr C with the level of service he could reasonably expect. Indeed, Barclays left it to him to identify that the payment was missing. Barclays/F's errors in not pursuing the payment, or acting in a timely manner once S had provided it with the identifier information F had requested in August 2022, meant Mr C was without the amount of interest he was due for about 15 months. Mr C has explained that, had he received the interest payment when he should, it would have been invested in his SIPP.

### *Customer service*

From the events I've described above I think it's clear that there were shortcomings in the customer service Mr C received from Barclays/F after it returned the funds to N/S in the first half of August 2021. It appears to me from what S has said that it provided the identifier information requested by F in August 2021. There then followed what appears to me to be an unacceptable eight-month delay before Barclays/F again contacted S about remitting the funds along with a further five-month period of delay between 11 May 2022 and 12 October 2022. There is no evidence of any pro-active steps being taken by Barclays/F during either of these periods. And I've not seen any explanation for why they occurred. I don't think that's a fair and reasonable way to treat Mr C.

I can also see that once Mr C raised the issue of the missing interest payment with Barclays on 29 December 2021, further shortcomings in service followed. Call backs (possibly save for one, but even that is in dispute) were not made and promised responses not actioned. And Barclays left it to Mr C to contact it on numerous occasions in an attempt to force a resolution to the issue. I can't see that Barclays was proactive in trying to contact Mr C at all and I think, in the circumstances, it should have been.

In the end I can see that Barclays paid Mr C £3,717.17 on 13 October 2022 without the monies yet being remitted by S/N. I think it could and should have done this for him much sooner. It could have then pursued S/N for the funds without Mr C being left out of pocket. I'm not persuaded in any event – given the testimony provided by S that it gave F the information Barclays/F needed on 16 August 2021 – that Barclays wasn't in possession of all the information it needed to apply the payment to Mr C's SIPP shortly after it was due.

Where a financial business, through its words and deeds, causes trouble and upset to a consumer above and beyond that which is normally associated with the business being transacted between them then this Service can require it pay the consumer compensation. I've set out here in some detail the shortcomings in the levels of service Mr C received from Barclays and its agents and I think they caused him inconvenience. It was left to Mr C to identify that the payment was missing. Barclays also failed to respond to Mr C's repeated requests to resolve the matter as well as being responsible for two very lengthy periods of inactivity. In the circumstances I agree with our Investigator that Barclays should pay compensation of £300 to Mr C for the trouble the shortcomings in its service caused him.

### *Summary*

Barclays, as the SIPP provider, is ultimately responsible for the actions of the agents it engages to provide the products and services it supplies to its customers. I don't think it's fair or reasonable for Barclays to endeavour to disassociate itself with the actions of the agents acting on its behalf. I think it should fairly and reasonably have resolved the issue with Mr C's interest payment much sooner and then sought to recover the sums it was due from any other third parties. As a consequence of Barclays errors, Mr C was left without his interest payment and was unable to invest it in his SIPP. So I think Barclays should compensate Mr C for any loss he may have incurred as a consequence.

I also think that Barclays' customer service fell short of the levels that Mr C could reasonably expect of it for which I think that compensation of £300 is fairly and reasonably due to Mr C.

### **Putting things right**

In assessing what would be fair compensation, my aim is to put Mr C as far as possible in the position he would be in but for the delay in the crediting of his interest payment. I think that Mr C would have invested the payment sooner and whilst it's not possible to say what precisely he would have done, I think that what I have set out below is fair and reasonable given Mr C's circumstances and objectives.

### *What should Barclays do?*

To compensate Mr C fairly, Barclays should:

- Compare the value of the delayed interest payment due to Mr C's investment with that of the benchmark shown below. If the *fair value* is greater than the *actual value*, there is a loss and compensation is payable. If the *actual value* is greater than the *fair value*, no compensation is payable.
- If there is a loss, Barclays should pay into Mr C's SIPP, to increase its value by the

amount of the compensation and any interest. The payment should allow for the effect of any charges and any available tax relief. Barclays shouldn't pay the compensation into the SIPP if it would conflict with any existing protection or allowance.

- If Barclays is unable to pay the compensation into Mr C's SIPP, it should pay that amount direct to him. But had it been possible to pay into the plan it would have provided a taxable income. Therefore the compensation should be reduced to *notionally* allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount – it isn't a payment of tax to HMRC, so Mr C won't be able to reclaim any of the reduction after the compensation is paid.
- The *notional* allowance should be calculated using Mr C's actual or expected marginal rate of tax at his selected retirement age.
- It's reasonable to assume that Mr C is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr C would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.
- In addition, for the reasons I've given above, Barclays should pay Mr C compensation of £300 for the trouble and upset it caused him.
- Barclays should provide the details of the calculation to Mr C in a clear, simple format.

Income tax may be payable on any interest paid. If Barclays considers that it's required by HMRC to deduct income tax from that interest, it should tell Mr C how much it's taken off and give him a tax deduction certificate if he asks for one so that he can reclaim the tax from HMRC if appropriate.

Investment name	Status	Benchmark	From ("start date")	To ("end date")	Additional interest
Nationwide Building Society 3.875% bond (13436101 0.XLON.G B)	No longer exists	For half the investment: FTSE UK Private Investors Income Total Return Index; for the other half: average rate from fixed rate bonds	31 July 2021	13 October 2022	8% simple per year on any loss from the end date to the date of settlement

### ***actual value***

This means the actual amount paid at the end date.

### ***fair value***

This is what the investment would have been worth at the end date had it produced a return using the benchmark. To arrive at the fair value when using the fixed rate bonds as the benchmark, Barclays should use the monthly average rate for one-year fixed-rate bonds as published by the Bank of England. The rate for each month is that shown as at the end of

the previous month. Those rates should be applied to the investment on an annually compounded basis.

### **Why is this remedy suitable?**

I've decided on this method of compensation because:

- Mr C wanted income with some growth with a small risk to his capital.
- The average rate for the fixed rate bonds would be a fair measure for someone who wanted to achieve a reasonable return without risk to his capital.
- The FTSE UK Private Investors Income total return index (prior to 1 March 2017, the FTSE WMA Stock Market Income total return index) is made up of a range of indices with different asset classes, mainly UK equities and government bonds. It's a fair measure for someone who was prepared to take some risk to get a higher return.
- I consider that Mr C's risk profile was in between, in the sense that he was prepared to take a small level of risk to attain his investment objectives. So, the 50/50 combination would reasonably put Mr C into that position. It does not mean that Mr C would have invested 50% of his money in a fixed rate bond and 50% in some kind of index tracker investment. Rather, I consider this a reasonable compromise that broadly reflects the sort of return Mr C could have obtained from investments suited to his objective and risk attitude.
- The additional interest is for being deprived of the use of any compensation money since the end date.

The information about the average rate can be found on the Bank of England's website by searching for 'quoted household interest rates' and then clicking on the related link to its database, or by entering this address [www.bankofengland.co.uk/boeapps/database](http://www.bankofengland.co.uk/boeapps/database), then clicking on: Interest & exchange rates data/Quoted household rate/Deposit rates – Fixed rate bonds/1 year (IUMWTFA) and then exporting the source data.

There is guidance on how to carry out calculations available on our website, which can be found by following this link: <https://www.financial-ombudsman.org.uk/business/resolving-complaint/understanding-compensation/compensation-investment-complaints>. Alternatively, type 'compensation for investment complaints' into the search bar on our website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

### **My final decision**

My final decision is that I uphold this complaint and I require Barclays Investment Solutions Limited to take the steps I've set out in the *"putting things right"* section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 July 2023.

Claire Woollerson  
**Ombudsman**