

The complaint

Ms P complains that following the transfer of her defined benefit pension into a Self-invested Personal Pension (SIPP), Financial Administration Services Limited (FASL) provided incorrect information about investing her funds and this resulted in a financial loss.

What happened

Ms P had advice from an independent financial adviser on her pension and following this, applied to transfer her pension to a SIPP provided by FASL. She completed an application form for the SIPP in July 2022. FASL received the transfer-in application on 23 August 2022. Ms P had completed a section of the application form with six funds to be invested in.

FASL proceeded with the transfer and received the funds on 12 October 2022. Its procedure until that point had been to call the customer once the transfer funds were received and ask them to invest the funds online. In line with that, the relationship manager called Ms P and asked her to do this.

When Ms P tried to make the investments there was no cash available to invest. FASL's process had just changed and under its new process the investment would happen automatically. As a result, the money had already been invested in the six funds set out in the application form she'd signed in July 2022.

Ms P has complained about this. She says she was confused and worried about where to invest, so she asked FASL to cancel the transactions, which was done. Two of the transactions couldn't be cancelled immediately and there was a short delay. Ms P complained that she suffered a financial loss as a result of what happened because when she was able to make the investments the price had gone up.

FASL said Ms P had been caught up in a change of process and given unclear information. But it said Ms P had chosen to change the investments, and there was no loss as the value of the two funds which had not been reversed straight away also went up in the time before those transactions could be reversed. FASL offered £50 compensation for the trouble Ms P had been put to but she didn't accept that offer and referred her complaint to this service.

Our investigator thought the way FASL had dealt with the complaint was fair and didn't recommend any further action. He said there had been errors and some confusion between the information given on 12 October and funds being transferred. But he didn't think the information given to Ms P on 12 October had led her to change her mind about the investments; she had asked to cancel the transactions because she no longer thought it was appropriate to invest in funds that had been chosen some months earlier and it was her choice to make a change.

Ms P didn't agree and made further comments. The investigator considered these but didn't change his view, so the complaint has been passed to me to decide.

The additional comments from Ms P are detailed. I won't set them out in full but they include:

- The investigator wrongly said FASL's process changed on 13 October 2022 but the new process was implemented on 12 October. So her funds should have been invested immediately. The relationship manager should not have called her on 12 October and given her incorrect information.
- She had given her instructions in the application form and FASL had led her to believe it would follow them. In the call on 12 October, she asked to confirm the funds had been invested; when told not, she was surprised and disappointed.
- The call on 12 October influenced her choices and there's no evidence of any intention to change before then – it was only after this call that she changed her investment strategy.
- The relationship manager had given her information about market volatility and led her to believe 'drip-feeding' the investments over a period of time would be a good way to protect herself; she was influenced by this and this is what led her to change the investments.
- If the relationship manager had not called her, the funds would have been invested in accordance with the original instructions. This is what should have happened.

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.

The transfer of Ms P's pension happened to coincide with a change in FASL's process. Previously, where a lump sum of money was received FASL's process was to call the customer, who would then log into their account and make the investments in their chosen funds. That's why the relationship manager called Ms P on 12 October. But as it happened, on that date the process changed, meaning the funds were automatically invested in the funds Ms P had selected when she completed an application form in July 2022. It's obviously unfortunate some confusion arose. The issue for me to decide is whether Ms P is correct to say she has suffered a loss as a result of FASL's actions.

Ms P says she was surprised to be told she would have to make the investments herself; this led to her having to make decisions on the "*spur of the moment*" and the relationship manager's comments caused her to change her plans – she was persuaded that she needed to invest differently so she asked FASL to cancel the transactions, so she could get the funds back and invest them in different investments.

FASL did what it should have done under the new process and invested the money automatically in the funds that had been selected. Those transactions were then reversed. But Ms P says she only requested that because of what she was told in the call on 12 October and if the relationship manager had not called her, the funds would have been invested in accordance with the original instructions. However, I've listened to the recordings of the calls she had with FASL and I don't think this is what she wanted at the time.

In the call on 12 October 2022, the relationship manager explained that Ms P needed to make the investment herself and said she could just buy into the funds she had selected on the form. Ms P asked if she could do that at any time and was told she could take her time and do it bit by bit or do it all at one go – it was in her control, and if she called, they could walk her through it or place it the transactions over the phone for her. Ms P acknowledged they couldn't give her advice but asked what the markets were doing. The relationship manager said markets had been volatile and that's why she might want to 'drip feed' the transactions, to take advantage of any market changes.

In a call on 13 October 2022, the call handler told Ms P the funds had been invested as per the original selection and asked if that's what she wanted. Ms P replied, "*No I didn't want that at all*". She explained that when she completed the form she had to say what she was going to invest in and so had given those funds, but "*now is not the time to be buying anything in those...*" and "*it was a good thing that you weren't going to do it for me because they all gone horribly down.*" She said she needed to scrap everything that had been done; it was not what her understanding was from her previous call. She was going to invest in funds that she had been researching.

Ms P also said she had never sent an instruction; she had asked for an illustration, for purposes of financial advice, but never instructed anything – it would be "*madness to deem that an instruction*". She thought it would be her who would decide which money went where; she needed to be able to invest when she wanted to. Ms P was on speaker phone during one call, with her husband also on the call. He commented that the markets were very bad at the moment and FASL should not just blindly process things.

Although the relationship manager raised the possibility of 'drip feeding' the investments, she also made it clear it was in Ms P's control to decide how to do it. I don't think she was persuaded she had to act in a particular way. Ms P could have left the funds invested in line with the original selection but said she did not want that – indeed she was adamant she had never given an instruction. I have considered what she says in her complaint but I find the comments she made at the time persuasive. I'm satisfied it was Ms P's decision to reverse the transactions. FASL acted in line with her instructions so I don't think it's responsible if she suffered a loss as a result of that.

I agree it would have been upsetting to be told different things and there was some confusion about what had happened. But FASL sorted things out quickly and did what Ms P requested. Taking all of this into account I consider the offer of £50 was fair.

My final decision

Financial Administration Services Limited has already made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Financial Administration Services Limited should pay £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 4 July 2023.

Peter Whiteley
Ombudsman