

The complaint

Mr A has complained about a failed application for a Regular Savings Plan ('RSP') with Financial Administration Services Limited ('Fidelity') which led to him being charged increased account service fees. He would like for the increases he has paid to be refunded to him.

What happened

Mr A held an ISA account with Fidelity. He was advised in November 2022 that his account service fee charges would be going up, but this could be avoided if he either increased the amount invested in his account to over £25,000 or paid in a minimum monthly contribution of £25 – the RSP.

Mr A set up a direct debit for the RSP on 1 January 2023 to start on 10 February. Fidelity confirmed it had actioned the instruction but in March Mr A noticed the direct debit for February hadn't been taken from his bank account.

He contacted Fidelity and was told that his bank account details hadn't been verified after his application and as a result he had been charged monthly fees of £7.50 for March and April. Mr A wanted those charges to be repaid to him.

Mr A wasn't happy and raised a complaint with Fidelity who responded on 17 April. It said;

- Its electronic verification checks on Mr A's bank account had failed and it had written to him in January to ask him to call to confirm his bank details. This communication was a manual process and not online.
- Mr A had been advised on 30 November 2022 and 11 January 2023 in Fidelity's letters that the RSP needed to be set up by 31 January to qualify for the reduced service fee charges. As Mr A's bank details hadn't been verified his RSP wasn't active.
- It wouldn't be refunding the additional charges Mr A had already paid for March and April but with effect from May 2023 the account charges would be reverted to the previous charging structure.
- It hadn't provided poor service regarding the complaint process. Mr A had raised his complaint on 3 March and chased on 14 April. A secure message had been sent to him on 5 April acknowledging his complaint.

Mr A brought his complaint to the Financial Ombudsman Service. He said he wasn't updated about his complaint and Fidelity's response was inaccurate and contradictory. Our investigator who considered the complaint didn't think that Fidelity had done anything wrong. She said;

- After Mr A's RSP application was received, Fidelity had sought additional information from Mr A to verify his bank account details by post, but Mr A hadn't received that letter. Post was a usual method of communication.

- Fidelity didn't receive any response from Mr A so his bank account couldn't be verified which meant the RSP couldn't be set up and he didn't qualify for the lower service fee.
- Fidelity had needed to carry out the banking verification checks, and which needed to be satisfied before Fidelity could use it to process the RSP application.

Mr A didn't agree with the investigator. And he wasn't satisfied with the evidence provided that the correspondence had been sent to him.

Mr A requested that his complaint be reviewed by an ombudsman, so it has been passed to me for a 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.

After doing so, I've reached the same conclusions as the investigator and broadly for the same reasons. I'll explain why.

I've seen a copy of the change in fees letter sent to Mr A on 30 November 2022. I note that the account had been transferred from Mr A's previous platform provider. Upon transfer, Fidelity had promised that Mr A would be charged the same fee or less than his previous platform provider but that was coming to an end. The new service fee increase was to come into effect from 1 February 2023. Fidelity advised that to benefit from a lower charge the value invested in the customer's account should either be increased to above £25,000 or a RSP should be set up which could be done online. A reminder was also sent to Mr A on 11 January 2023.

Mr A acted as advised and provided his bank account details for the RSP to be set up. In response, an automated letter of confirmation of receipt of the bank mandate instruction was sent to Mr A on 2 January 2023 with a summary of the bank details that would be used for the monthly direct debit.

However, after the mandate was received, the bank details needed to be verified. The bank verification process failed, and Mr A was written to on 4 January 2023 confirming that Fidelity had reviewed the instruction, but it needed to verify Mr A's bank details. It asked that Mr A call to confirm his bank details or to send in bank statements.

Mr A says he didn't receive the letter, so he didn't contact Fidelity. I've seen a copy of that letter as well as a screenshot of Fidelity's records confirming it had been sent and that until the bank details were verified the RSP application was cancelled.

As Fidelity hadn't heard from Mr A by 1 February, and a valid RSP hadn't been set up, Mr A failed to qualify for the lower service fee on his account and he was charged £7.50 for both March and April 2023. Fidelity did later receive the information it needed from Mr A on 4 April so with effect from May, those service fees wouldn't be charged.

Fidelity has told us that it didn't inform clients of the possibility that further documents may be needed at the outset of a customer's RSP application as most bank details would pass the automated verification check. I don't find this an unreasonable explanation about why customers weren't warned in advance about the potential need for additional bank information as in the majority of cases those details were verifiable electronically. And in this case, I don't think any advance warning of the possibility of additional checks would have

made any difference as Mr A didn't receive the letter that would have alerted him to the fact that in his case, they were needed.

However, once the check failed, it's clear Fidelity acted promptly by writing to Mr A to let him know the bank details hadn't been verified and that he needed to make contact to verify those details. And I'm satisfied that Fidelity is entitled to communicate with its customers by post. Clearly, while the majority of post is successfully received, it can't be known for sure why Mr A didn't receive the letter of 4 January. The address used was the same as used in Fidelity's letter of 2 January – which I understand was received by Mr A.

While it's unfortunate the letter of 4 January wasn't received by Mr A, I can't agree that Fidelity has done anything wrong. It wrote to Mr A at the correct address and there was no reason for it to assume that the letter wouldn't be correctly received similar to the earlier letter that had been sent.

Mr A didn't agree with the investigator as he wasn't satisfied that the screenshots provided by Fidelity showed the letter had been sent. He told us he had copies of the other letters he had received from Fidelity, and it was only the letter of 4 January that was missing. He suspected it was manually written.

Fidelity confirmed to us that Mr A's assumptions are correct. It told us the letters sent – with the exception of 4 January letter – were all regulated letters that were automatically generated and were sent in line with Mr A's document delivery preferences. The letter of 4 January was manually generated as it was one that would not automatically be generated as it was in response to a failed bank account verification check that wouldn't apply to all of the RSP applications, so it wouldn't show on Mr A's online portal, as referred to by Mr A because it was only sent by post.

Fidelity's terms and conditions make clear that its service is primarily online but that when it communicated with its customers by post it would use the most recent contact details provided by the customer. In this case, when Fidelity needed to produce the manual communication, it did so using Mr A's address and to where recent correspondence had been sent, and we know, received.

So, I'm satisfied it's most likely that the letter was sent as Fidelity has advised and, in this case, it unfortunately wasn't received by Mr A. But I can't agree that Fidelity did anything wrong. I equally appreciate that Mr A is of the opinion that he hasn't done anything wrong as he wasn't aware there was an issue with the verification of his bank details.

While Mr A might be frustrated by this and the by the method of communication, but Fidelity acted as it should have done in its attempts to communicate with Mr A, so I don't find it was at fault when – after Mr A didn't respond to its communication – in applying the new charges to Mr A's account. It follows that I don't uphold Mr A's complaint and Fidelity doesn't need to do anything further.

I appreciate that Mr A will no doubt be disappointed with my conclusion. It's clear he feels strongly about his complaint, but I hope I have been able to explain how and why I have reached the decision that I have.

My final decision

For the reasons given, I don't uphold Mr A's complaint about Financial Administration Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or

reject my decision before 14 March 2024.

Catherine Langley
Ombudsman