

The complaint

Mr D complains that Financial Administration Services Limited (trading as Fidelity International, and hereafter referred to as '*Fidelity*') has mismanaged the operation of his investments, since they were migrated to Fidelity's platform in November 2021.

What happened

Mr D holds an investment ISA and an investment account which were taken out through Legal and General ('L&G'). Each has holdings spread across a number of L&G unit trusts and investment funds.

In early 2021, L&G informed customers that held specific types of investments (including Mr D's investment account and investment ISA) that it was proposing to transfer the administration of its personal investing business to Fidelity. It sent all affected customers a detailed information leaflet explaining what the transfer would entail.

In November 2021, Mr D's investments were migrated to Fidelity's platform. As confirmed by L&G, Fidelity administers the investments on an execution only basis.

In May 2023, Mr D made a complaint to Fidelity. He said he was concerned that the value of the investments had fallen to £86,401.11 between 7 November 2021 and 31 March 2023.

Mr D thereafter referred his complaint to this service. He said he had been investing for many years and he was prepared to accept the fluctuations of the markets. However, he could not believe that a loss of £86,401.11 was justified.

In June 2023, Fidelity rejected the complaint. It noted Mr D's investments hadn't performed as he would have liked, but he had remained invested in the same L&G funds following the migration from L&G to Fidelity. It reiterated that the performance of Mr D's investments was dependent on the market movements; the management of his funds had not changed and was undertaken by L&G. It therefore asked L&G's fund managers to contact Mr D directly.

An investigator from this service reviewed the complaint. He noted how Mr D's investments had reduced in value between November 2021 and June 2023 but he said that Fidelity wasn't accountable for the reduction. The underlying investment funds remained unchanged and they were still operated by L&G. Our investigator felt Fidelity had fairly provided administrative updates to Mr D and he didn't think it ought to do anything further.

Mr D disagreed. He said things had changed noticeably since the transfer of the investment. This meant that he could not accept that his investment portfolio had been operating on the same basis as before. He also believed that the quarterly statements issued by Fidelity now showed he had lost approximately £94,353.

Our investigator was not minded to change his view on the complaint. He reiterated that the funds continued to be operated by L&G. Nonetheless, he asked Fidelity to explain to Mr D why his investments hadn't reduced by £94,353. It explained how no loss had actually been crystallised, as Mr D's holdings were in the same funds, but the reduction across Mr D's

entire portfolio between November 2021 and June 2023 had been £7,951.

Mr D said he remained of the view that his investments had been mismanaged and he wanted the complaint to be passed to an ombudsman. In the interim, he noted that his portfolio continued to make a loss, which he believed now amounted to over £101,000.

Fidelity did not have any further comments to make.

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.

I thank the parties for their patience whilst this matter has awaited an ombudsman's decision.

Though I realise my decision won't be what Mr D has hoped for, I cannot uphold this complaint for largely the same reasons put forward by our investigator. I'll explain my reasons for reaching that outcome below.

I know Mr D feels that the performance of his investments bears a correlation to the transfer of the administration of the investment ISA and his investment account to Fidelity in November 2021. However, Fidelity has correctly set out that it only provides execution only administration of the investments on its platform; so, it has no involvement in the operation of the investment funds – that remains the responsibility of L&G and its funds managers.

This was confirmed by L&G in its 'Important Information Booklet' issued to Mr D in March 2021, which said:

"PART B: KEY INFORMATION FOR INVESTORS

B1. Will you have the same underlying funds following the transfer to Fidelity?

Yes. The proposed transfer to Fidelity will not affect the management of the underlying funds in which your ISA, Junior ISA, FMISA or Investment Account products are invested, which will continue to be carried out by Legal & General.

From the transfer date:

- ***Fidelity administers your investment(s).***
- ***Legal & General continues to manage the fund(s) you are invested in [my emphasis].***
- ***Fidelity administers any cash holdings you have.***
- ***You have a wider choice of funds and assets in which to invest."***

Though Mr D believes otherwise, I am satisfied that the evidence I've seen confirms that Fidelity doesn't manage any of L&G's investment funds.

Further, the booklet also explained how:

"B.1.3 - What happens if you have made contributions into your ISA investment(s) over multiple tax years?

When your ISA investments are transferred to Fidelity, you will have one Stocks and Shares ISA, which will show the total of each year's ISA investment. They will not be

shown as separate investments in different tax years (as they are currently shown with Legal & General), however please be assured that the underlying tax treatment of these ISA investments will not change. Your new Fidelity account will also show single contributions alongside any regular savings contributions you have and will be held within the same Stocks and Shares ISA account.”

The reason I have highlighted the extract relating to how the investments are shown to Mr D is because this may have caused the misunderstanding in relation to the loss he believes has occurred.

On 7 November 2021, a total of £326,605.77 was transferred from L&G to Fidelity across the two investments. L&G confirmed how, up to 5 November 2021, the growth on the investments was £32,965.90. Since that date Mr D has continued to invest, adding a further £15,833.46, making a total of £342,439.23 invested with Fidelity.

Mr D says his investments decreased by over £86,000 up to the first quarterly statement ending March 2023 and £94,353.59 by June 2023.

However, the two accounts have not fallen by the amount Mr D suggests. In his email to our investigator in August 2023, Mr D explains how he has totalled all of the losses across each three month statement following the transfer to Fidelity. This isn't the correct interpretation of the statements because the losses are not cumulative.

I have set out the relevant investment figures below to assist Mr D in understanding the fluctuations on the quarterly statements.

| Statement date | Total value of investments | Growth (after fees) |
|-----------------------|-----------------------------------|----------------------------|
| 31 December 2021 | £330,461.13 | £2,188 |
| 31 March 2022 | £323,718.57 | -£6,893.86 |
| 30 June 2022 | £305,406.05 | -£27,548.19 |
| 30 September 2022 | £307,064.76 | -£28,401.85 |
| 31 December 2022 | £324,142.36 | -£13,498.41 |
| 31 March 2023 | £329,919.26 | -£10,058.80 |
| 30 June 2023 | £334,360.79 | -£7,951.78 |

The growth figures are the total (either a positive gain or a negative reduction) from the point at which the investments transferred to Fidelity. Mr D has added all the negative figures together (which totals an excess of £94,000) but that is not correct. Taking the last two on the list for example, the investments had overall reduced by £10,058 in March 2023 but by June 2023 there had been a gain, taking the overall reduction to £7,951. Those are not two separate losses, but in fact the overall position in March 2023 and again in June 2023.

I hope that by taking the time to explain the statement amounts to Mr D, he can appreciate that whilst his investments have reduced (though no loss has been crystallised as the funds remain invested), they have not decreased by the figures he has suggested. Overall, to June 2023 there was a total growth across the investments of £25,014.12 (the growth to November 2021 of £32,965.90 less the overall decrease of £7,951.78 to June 2023). And as I previously noted, Fidelity is not accountable for the management of the investment funds – these are the unchanged L&G funds set out to Mr D in writing at the time of the transfer and all of them are managed by L&G.

My final decision

I do not believe that Financial Administration Services Limited has behaved unfairly or

unreasonably, for the reasons I have set out. I therefore do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 1 April 2024.

Jo Storey
Ombudsman