

## **The complaint**

Mr S complains that FIL Investment Services (UK) Limited (“Fidelity”):

- Didn’t act on his written instructions to switch funds and didn’t respond to his follow up message about costs.
- Charged him to switch funds, having been told the transactions would be carried out free of charge.
- Carried out the switch at incorrect prices.
- Didn’t respond to his message in August 2017 until around three months later – when he chased Fidelity.

He wants Fidelity to correct the prices and refund the costs he incurred.

## **What happened**

Our investigator set out the background to this complaint in some detail and I won’t repeat all of that again here. In summary, Mr S had a share dealing account with Fidelity and had a holding of Fidelity’s Korean fund. In May 2017, Fidelity told Mr S that the Korean fund was closing and gave him three options. One of those was a “free switch” into other Fidelity funds.

Mr S initially gave his switch instructions by secure message on 26 July 2017. But Fidelity didn’t accept these. He messaged to check that he wouldn’t incur costs, but Fidelity didn’t reply so he gave online instructions on 16 August 2017 to sell the Korean fund and reinvest the proceeds equally between three of Fidelity’s other funds – one of which was denominated in GBP, and the other two in US\$.

Mr S contacted Fidelity on 18 August because the sale and purchases hadn’t been done simultaneously and at net asset value (“NAV”) and he’d incurred exchange rate charges. He asked Fidelity to correct the unit prices and refund the costs, or to cancel the purchases and send him the Korean fund sale proceeds.

Fidelity acknowledged Mr S’s secure message, but didn’t send a full response until Mr S contacted it again in October 2017. It said it had to convert the sale proceeds to GBP to calculate the 33% needed to purchase the fund denominated in GBP’s because it couldn’t predict the amount needed due to forward pricing. The remainder had to be converted back to US\$’s to buy the remaining two funds.

In August 2023, Mr S complained.

Fidelity apologised for its failure to provide a full response in August 2017 and paid Mr S £50 by way of an apology. It said the switch, including the prices used and the currency conversion, was placed and completed correctly.

Our investigator didn't recommend that the complaint should be upheld. He concluded that the switch had been placed correctly, at the correct dealing points, and that foreign exchange costs were incurred in line with the account terms and conditions. He thought the £50 compensation paid for the delay in responding to Mr S's August 2017 message was fair and reasonable.

Mr S didn't agree. He said, in summary, that:

- He gave instructions for the fund switch before midday on 16 August 2017. That should've been the pricing point used.
- There was never any indication that he would incur charges.
- Only one third of the sale proceeds needed to be converted into GBP, which would have resulted in a much lower exchange rate charge.
- An exchange rate fee shouldn't have been charged at all because he was offered a "free" switch.

### **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.

Firstly, I'm aware that I've summarised this complaint in far less detail than the parties and in my own words. There is a considerable amount of information here but I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Having carefully considered everything, I find I have come to the same conclusion as the investigator for the following reasons:

- Fidelity told Mr S it would offer him "a free switch" into any other Fidelity funds. I'm satisfied that Mr S was not charged any commission for the trades. And that this reasonably is what was meant by "a free switch". Whilst it might have been helpful had Fidelity explained that exchange rate costs would still apply if the switch was into funds denominated in another currency, I don't find Fidelity had offered or agreed to waive those charges.
- Mr S has quoted the following from the Fidelity letter: *"Mailing, audit and any other charges that may arise associated with the closure of the Fund will be borne by FIL Fund Management Limited as the Investment Manager of Fidelity Funds."* I'm satisfied that this refers to the costs of closing the fund not being passed onto investors, rather than anything to do with the switching process.
- Mr S initially gave a switch order using Fidelity's secure messaging service. But I don't find Fidelity acted unreasonably in not acting on those instructions. Mr S needed to place his order by the usual methods, either through his online account, by phone, or in writing.
- Mr S says he gave switch instructions online before midday on 16 August 2017, so he should have received the price as at 16 August. But Fidelity's records show the orders

were received *after* midday – at 14.33. I find Fidelity acted correctly in placing the orders at the next pricing point – midday on 17 August.

- The Korean fund was denominated in US\$. And two of the funds Mr S wanted to switch into were also denominated in US\$. But the third fund was in GBP. Fidelity said that in order to ensure the correct amounts were invested in each, in line with Mr S's instructions, it needed to firstly convert the sale proceeds into GBP. It was then able to calculate and make the investments in the three funds as Mr S had requested. This involved two exchange rate transactions. I'm satisfied with this explanation and I don't think it's unreasonable that Fidelity chose to handle the orders in this way. I find Mr S was charged exchange rate fees in line with the agreed terms and conditions.
- Mr S is unhappy that Fidelity took too long to respond to his secure messages. But I'm satisfied that it generally did respond within five business days, which I don't find to be unreasonable. Following his complaint, Fidelity accepted that it didn't reply to the message Mr S sent on 18 August – until October when Mr S chased it. I agree Fidelity provided poor customer service here. But it paid Mr S £50 by way of an apology, and I agree with the investigator that this is fair and reasonable in the circumstances.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 April 2025.

Elizabeth Dawes  
**Ombudsman**