

The complaint

Mr C is unhappy that Embark Investment Services Limited trading as Stocktrade (Stocktrade) didn't pay interest on his cash account within his pension plan.

What happened

The history leading up to this complaint is well known to the parties and will not be repeated here as the crux of the matter for me to decide is whether Stocktrade did something wrong in not paying Mr C interest on the cash held within his Self-Invested Personal Pension (SIPP).

Mr C raised a complaint with Stocktrade on 19 February 2024 because Stocktrade do not pay interest on cash balances and Mr C requested that he be credited with 80% of the interest Stocktrade has received. Mr C says this is what he receives from another provider.

Stocktrade didn't uphold the complaint. It explained that although the Terms and Conditions do state that any money held in the deposit account may be eligible for interest payments, Stocktrade do not currently pass on any interest. And it referred Mr C to its website where it explained the current interest paid.

Unhappy with this response, Mr C brought his complaint to this Service for an independent assessment. One of our investigators looked into Mr C's concerns but didn't think that Stocktrade had done anything wrong. She reasoned that Stocktrade can decide the rate of interest it pays to their customers. And this was set out in the Terms and Conditions that Mr C would've accepted when he opened the account with Stocktrade.

Mr C didn't agree and so the complaint 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.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the industry regulator, the Financial Conduct Authority (FCA). Instead, this service looks to resolve individual complaints between a consumer and a business. In order to uphold a complaint I would need to find that something has gone wrong and that a consumer has lost out as a result. I would then ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

It's clear to me that Mr C has strong feelings about this complaint. He has provided detailed arguments to support his case which I can confirm I've read and carefully considered. However, I trust Mr C will not take the fact that my findings focus on what I consider to be the central issues, as a discourtesy. The purpose of my decision isn't to address every point raised, but instead to set out my conclusions and reasons for reaching them. This is in line with the informal nature of this Service.

I've considered the extensive regulation around transactions like those performed by Stocktrade for Mr C. The FCA Handbook contains twelve Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 2.1.1 in the FCA Handbook).

The Principles are relevant and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms like Stocktrade. As such, I need to have regard for them in deciding Mr C's complaint.

There is no real dispute between the parties about the facts of this case. The difference between Mr C and Stocktrade concerns the interest rate he is receiving for cash held in his SIPP. That rate is currently 0%.

Consumers are expected to take responsibility for the decisions they make about products and services. To enable this, businesses, like Stocktrade, must give them the information they need, at the right time, and presented in a way they can understand. That way they can make informed decisions. Based on the available evidence, I think Stocktrade has done this.

I appreciate Mr C is unhappy that Stocktrade has not passed on interest earned on cash held in deposit accounts within a SIPP. However, the Terms and Conditions of the plan make clear that while Stocktrade **may** pass on interest earned, this was not guaranteed:

Any money held in an Account may be eligible for interest payments. We may retain a proportion of the interest we receive from our Banking Partners to cover our costs of administration and therefore the rate of interest which is applied to your Account will be determined by us. This treatment of interest is detailed in the Rate Card. We reserve the right to change the rate of interest we pay at any time.

Below this, consumers are directed to the Stocktrade website for information about its Banking Partners and any interest currently being paid and interest received and paid in the past year.

The website also states in relevant part:

Stocktrade do not pay interest on cash deposits held.

The current rate of interest being paid by us on the cash held on the Stocktrade platform is 0%.

Whilst we have the ability to hold cash, it is to facilitate investment transactions only. There is no requirement to hold cash to operate an account with Stocktrade.

I consider this to be clear and transparent and provided Mr C with the information he needed to make informed decisions. Mr C's SIPP is designed as an investment platform, rather than as a home for cash savings. A cash account isn't needed to have a Stocktrade account, so it was Mr C's choice to hold funds in cash, even though Stocktrade made clear that no interest was being paid on cash deposits.

Stocktrade explained that the interest it retained is to cover the costs of administration for the account. This would be to the benefit of its clients. And while I understand that Mr C believes that interest earned on his account more than covers Stocktrade's administrative costs, how the plan is administered, and the costs associated are issues that fall within Stocktrade's commercial discretion. Therefore, the interest rate paid on cash deposits is also within Stocktrade's commercial discretion. And from the evidence I've been provided in the circumstances of this complaint, I'm not persuaded that Stocktrade acted unreasonably in exercising its commercial discretion to set the interest rate earned for cash deposits.

So, for these reasons, whilst I know Mr C will be disappointed with this outcome, I'm not upholding his complaint.

My final decision

For the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 January 2025.

Jennifer Wood
Ombudsman