

The complaint

Miss S complains about the actions of Interactive Investor Services Limited ('IISL') in respect of the self-invested personal pension ('SIPP') she opened with it. She says it failed to assess her investment knowledge, attitude to risk, and personal circumstances. And that it hadn't carried out adequate due diligence on the investments it allowed to be made with her SIPP monies. Miss S says this has caused her financial loss and distress which IISL should compensate her for.

Miss S has a professional representative, but for ease I'll only refer to Miss S in this decision.

What happened

Miss S says she was contacted by a person I'll refer to as 'SWS'. Miss S says SWS was given her details by another company in order to help Miss S get the best out of her pension.

Miss S says her recollections aren't clear due to the health difficulties she had around that time, and continues to have. But her recollections are that she was led to believe SWS was an independent financial adviser ('IFA') as SWS knew about making investments, and Miss S wasn't well enough at that time to question this. And that in phone calls and a home visit, SWS said moving her pension would generate more money and wasn't high risk. Miss S says she doesn't have copies of any advice or reports from SWS.

An online SIPP application was submitted to IISL for Miss S. She says SWS sat with her to register her on IISL's platform, and chose the investments. Miss S also says that, at SWS's request, she gave SWS her SIPP login details so SWS could pass them to colleagues I'll call 'MA' and 'SS'; because SWS told her MA and SS would do the investment trades for her.

Miss S's IISL SIPP was opened in February 2020 and an online transfer request was submitted for about £73,000 to be transferred from an existing SIPP she held to her new IISL SIPP. In March 2020, Miss S messaged IISL asking for an update on the transfer and whether there was anything she could do to speed it up. IISL replied that the transfer was in hand but she could contact her ceding SIPP provider if she wanted to.

Over the course of six trades between March 2020 and August 2022, the funds in Miss S's SIPP were used to buy and sell shares in MBH Corporation PLC ('MBH'), a company listed at that time on the Frankfurt Stock Exchange and the Dusseldorf Stock Exchange. All six of these trades were placed online and IISL has provided our Service with the associated contract notes. During this time frame, the below online messages were sent from Miss S's account to IISL.

On 27 November 2020 Miss S messaged IISL to say, *"I wish my funds to be returned to my account, See attached letter. I have also posted this letter recorded delivery today"*. I've not seen a copy of the attached letter. IISL replied that in order to make a withdrawal from her account, she'd need to first sell the investment and then complete a drawdown form.

On 9 December 2020, Miss S messaged IISL to say *"Can you advise if any earnings have been paid from my account to [me] or any other bank accounts since opening this trade"*

account on 5.3.20. If so how much and the account names and number please.” IISL replied, “I can confirm no funds have been withdrawn from this account, since the account opened.”

On 21 April 2022, IISL called Miss S but was not able to speak with her. IISL’s call note says it was calling to discuss her account and asked that if she called back, she should be directed to a particular IISL agent. I’ve not seen anything to make me think Miss S returned this call or that IISL called her again.

On 3 May 2022, IISL wrote to Miss S about her SIPP. The letter said IISL was reviewing trading activity across all SIPP accounts on its investment platform, and Miss S either held or had recently placed trades in securities included in its review. The letter asked Miss S a short series of questions about whether she’d been provided with any advice or recommendations in respect of her SIPP and her investments, and if so, to provide details of who provided the advice, how it came about, and what she’d been told. The letter also asked Miss S if she’d shared her account number and/or security data with an adviser. IISL says it didn’t receive any response to this letter, and I’ve not seen anything to make me think it did.

In December 2023, Miss S complained to IISL that it had failed to meet the obligations and standards expected of a SIPP operator. She said she’d not been an experienced or high net worth investor, and IISL had failed to assess her investment knowledge, attitude to risk, and personal circumstances. And it had also failed to carry out adequate due diligence on the investments. She thought that if IISL had done these things, it shouldn’t have allowed her to make the investments. Miss S wanted IISL to put her back into the position she was in when she left her ceding SIPP and to pay her £1,000 compensation for her distress.

IISL issued its final response to Miss S’s complaint. It didn’t uphold it. IISL said it was an execution-only broker and didn’t provide any advice, so it wasn’t responsible for any investment decisions Miss S made or for any fluctuations in the investment market.

Still unhappy, Miss S referred this complaint to our Service for consideration. She added that in around December 2020, she was off work due to her health and needed to withdraw a lump sum from her SIPP. So around then, she logged into her SIPP account for the first time and was shocked to find her SIPP’s value was much reduced. And that she later came to understand that SWS, MA and SS were not regulated advisers.

For its part, IISL maintained its position and added that:

- It doesn’t offer financial advice and doesn’t have a sales team. It was Miss S’s choice to transfer pension funds to her IISL SIPP and trade on its platform.
- IISL doesn’t support or have any arrangements in which advisers introduce business. It advertised on its public website and in television commercials. Its website explained that it offers a self-managed investment platform and would, for a fee, attempt to execute client instructions (if applicable to its terms and within its remit). There were no conversations between IISL and Miss S about an introducer.
- Miss S applied online for an IISL SIPP, and IISL’s ‘know your client’, credit, fraud and identity checks were passed. So IISL didn’t need to ask her for anything else.
- It accepted it needed to do due diligence checks on all investments. But they should be proportionate; the checks required for shares listed on a recognised stock exchange weren’t the same as that required for non-standard investments. The MBH investment was a standard investment made into the shares of a listed security.

- As a SIPP operator, its role is to ensure investments available on its platform are 'SIPPable' by HM Revenue & Customs. It doesn't give advice, so its due diligence checks don't replace the due diligence clients were reasonably expected to carry out on the suitability of their intended investments. Its terms and conditions made clear that clients were responsible for the suitability and appropriateness of the investment decisions they make, and for the ongoing management of those investments.
- MBH was listed on recognised stock exchanges which have requirements companies must meet to become listed, including appointing a corporate adviser; these are firms approved to conduct investment business and who advise and guide an issuer on its responsibilities and continuing obligations regarding the market's rules. The corporate adviser is also responsible for confirming through its own due diligence that the issuer is suitable for admission to the exchange. IISL reasonably relied on all this.
- MBH has since delisted from these exchanges. But IISL had no liquidity issues in buying or selling any holdings for clients at the time of Miss S's trades.
- Currently, Miss S's SIPP account was open with a zero balance and no cash or investments held.
- It wasn't aware that Miss S might have been influenced or sought financial advice from anyone which had resulted in her decision to invest in MBH.

One of our Investigators reviewed this complaint and thought it shouldn't be upheld. She said she'd not seen any evidence to show IISL was aware, or ought to have been aware, at any point of an introducer that meant it should have refused Miss S's SIPP application. And her MBH investment was an investment in ordinary shares listed on a recognised stock exchange, and there was nothing to warrant enhanced due diligence on this investment.

Miss S still thought IISL had some responsibility for her losses and asked for her complaint to be referred to an Ombudsman for a decision. She added, in summary, that her health problems meant she wouldn't have been in the right frame of mind to manage a direct client SIPP account and communicate directly with IISL, and she hadn't personally instructed the trades made in her IISL account. And that SWS knew of her health issues and that there were times Miss S wouldn't answer correspondence.

This complaint came to me for a decision. At my request, Miss S provided some further evidence, including:

- Copies of messages between Miss S and MA across February 2020. In these:
 - MA says SWS has asked him to call Miss S about her pension;
 - reference is made to MA seemingly taking Miss S's bank card details;
 - MA sends a link to IISL's website;
 - Miss S asks if everything has gone through ok and, *"What's the next step i.e. how quickly can we get my money from [ceding SIPP provider]? When can I make my first trade?"*
- Copies of Miss S's correspondence with SWS and SWS's husband in around December 2020 about Miss S's concerns over SWS's actions regarding her SIPP and MBH investments. In these, Miss S makes reference to several things, including:
 - money from SWS's account being placed into Miss S's account in April 2020.
 - giving MA and SS authority to trade on her behalf;

- messages from MA and/or SS asking for her personal bank account details and saying that SS was doing her trades;
- SWS had led her to believe MA and SS would be her accredited IFAs and would do the trades on her behalf
- Miss S having given SWS her SIPP login details to pass on to MA and SS, because Miss S believed this was the protocol, having no trading experience.

Also at my request, IISL provided login trails for Miss S's account and further comments. In summary it said:

- Miss S should have been the only person with access to her SIPP account. The account was accessed via her unique email address and password, and then two-factor authentication via her mobile phone number. As per its terms and conditions, IISL told clients to never share their personal details with anybody else.
- It had no direct evidence of Miss S being influenced by a third party. But much later, it saw the timing of her interest in MBH matched that of a small number of other clients, at least one of which has told IISL that a third party acted to recommend/influence their investment choices with the prospect that some or all of the clients were financially incentivised by the same third party – this was brought to IISL's attention in 2022. It then raised this with the regulator (the Financial Conduct Authority, 'FCA') and did its own investigations, including reaching out twice to Miss S for further information and to give her an opportunity to raise concerns. But Miss S didn't respond; IISL first became aware of a third party being involved in her case when it received the Investigator's view of this complaint.
- Miss S instructed the MBH trades and is ultimately responsible for them. Her login and security credentials were used, and IISL required all customers to not disclose such details to any third party. A third party could only have placed the trades if Miss S had voluntarily disclosed her details, in breach of the SIPP's terms and conditions.
- At no point while her SIPP was being operated did Miss S ever report or suggest to IISL that she'd not authorised any of the transactions on her account.

I issued a provisional decision in which I explained why I thought Miss S's complaint shouldn't be upheld.

Despite being provided with the opportunity, IISL didn't provide any response to the provisional decision.

Miss S disagreed with the provisional decision. In summary, she said she'd lost a significant portion of her pension by believing she was being guided and represented by qualified financial advisers; she believed they would act on her behalf to make low to medium risk trades. That she herself didn't have an understanding of trading and investments and didn't do any of her own trading. And Miss S asked how she could pursue a complaint against, and seek compensation from, SWS because she thought SWS had hoodwinked her and exploited her health difficulties.

Miss S also provided copies of some further messages between her and SWS, as follows:

- In messages that appear to be from around March 2020, Miss S asks how she can make her first trade and whether a fee or percentage will be paid. SWS replied that SS will do the trade for Miss S tomorrow and that Miss S will be paid 3% of the

amount traded, so she would receive about £2,100 next week. And that SS would then sell and do another trade later in the month, with up to six trades possible in the next few months

- In messages dated 21 April 2020, Miss S asks *“Dare I look at my pension??”* SWS replied that it’s still the same and that *“There is over 2 million now due to land but all SIPP companies are taking so long. I have 4 clients who like us did there’s [sic] just before but it is now taking 3/4 weeks if not longer due to limited staff... as soon as it lands it will all be good.”*

As both parties have been provided with the opportunity to respond to the provisional decision, I’m now in a position to make my final decision on this complaint.

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’d like to start by acknowledging the significant health and other difficulties Miss S has told our Service about. I was sorry to hear of these and I don’t doubt they’ve had a very significant impact on her. And I also appreciate that Miss S has likely suffered a significant financial loss to her pension.

But while I don’t wish to add to Miss S’s distress, it remains the case that I’m not upholding this complaint. I know this will be very disappointing to Miss S, but I’ll explain my reasons.

Relevant considerations

I’m required to determine this complaint by reference to what I consider to be fair and reasonable in all the circumstances of the case. When considering what is fair and reasonable in the circumstances, I need to take account of relevant law and regulations, regulator’s rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time.

I have taken into account a number of considerations including, but not limited to:

- The agreement between the parties.
- The Financial Services and Markets Act 2000 (“FSMA”).
- Court decisions relating to SIPP operators, in particular *Options UK Personal Pensions LLP v Financial Ombudsman Service Limited* [2024] EWCA Civ 541 (“*Options*”) and the case law referred to in it including:
 - *Adams v Options UK Personal Pensions LLP* [2021] EWCA Civ 474 (“*Adams*”)
 - *R (Berkeley Burke SIPP Administration) v Financial Ombudsman Service* [2018] EWHC 2878 (“*Berkeley Burke*”)
 - *Adams v Options SIPP UK LLP* [2020] EWHC 1229 (Ch) (“*Adams – High Court*”)
- The FSA and FCA rules including the following:
 - PRIN Principles for Businesses
 - COBS Conduct of Business Sourcebook
 - DISP Dispute Resolution Complaints
- Various regulatory publications relating to SIPP operators, and good industry practice.

The legal background

As highlighted in the High Court decision in *Adams* the factual context is the starting point for considering the obligations the parties were under. And in this case the contractual relationship between IISL and Miss S is a non-advisory, or execution only, relationship – I'll return to this.

Setting up and operating a SIPP is an activity that is regulated under FSMA. And pensions are subject to HMRC rules. IISL was therefore subject to various obligations when offering and providing the service it agreed to provide – which in this case was a non-advisory service.

I have considered the obligations on IISL within the context of the non-advisory relationship agreed between the parties.

The case law

I'm required to determine this complaint by reference to what is in my opinion fair and reasonable in all the circumstances. I am not required to determine the complaint in the same way as a court. A court considers a claim as defined in the formal pleadings and they will be based on legal causes of action. The Financial Ombudsman Service was set up with a wider scope which means complaints might be upheld, and compensation awarded, in circumstances where a court would not do the same.

The approach taken by the Financial Ombudsman Service in two similar (but not identical) complaints was challenged in judicial review proceedings in the *Berkeley Burke* and the *Options* cases. In both cases the approach taken by the Ombudsman concerned was endorsed by the court. A number of different arguments have therefore been considered by the courts and may now reasonably be regarded as resolved.

It is not necessary for me to quote extensively from the various court decisions.

The Principles for Businesses

The Principles for Businesses, which are set out in the FCA's Handbook "*are a general statement of the fundamental obligations of firms under the regulatory system*" (see PRIN 1.1.2G). The Principles apply even when the regulated firm provides its services on a non-advisory basis, in a way appropriate to that relationship.

Principles 2, 3 and 6 are of particular relevance here. They provide:

"Principle 2 – Skill, care and diligence – A firm must conduct its business with due skill, care and diligence.

Principle 3 – Management and control – A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.

Principle 6 – Customers' interests – A firm must pay due regard to the interests of its customers and treat them fairly."

I am satisfied that I am required to take the Principles into account (see *Berkeley Burke*) even though a breach of the Principles does not give rise to a claim for damages at law (see *Options*).

The regulatory publications and good industry practice

The regulator issued a number of publications which reminded SIPP operators of their obligations, and which set out how they might achieve the outcomes envisaged by the Principles, namely:

- The 2009 and 2012 Thematic Review Reports.
- The October 2013 finalised SIPP operator guidance.
- The July 2014 “Dear CEO” letter.

The 2009 Report included:

“We are concerned by a relatively widespread misunderstanding among SIPP operators that they bear little or no responsibility for the quality of the SIPP business that they administer, because advice is the responsibility of other parties, for example Independent Financial Advisers...

We are very clear that SIPP operators, regardless of whether they provide advice, are bound by Principle 6 of the Principles for Businesses (‘a firm must pay due regard to the interests of its clients and treat them fairly’) insofar as they are obliged to ensure the fair treatment of their customers.”

The Report also included:

The following are examples of measures that SIPP operators could consider, taken from examples of good practice that we observed and suggestions we have made to firms:

- *Confirming, both initially and on an ongoing basis, that intermediaries that advise clients are authorised and regulated by the FSA, that they have the appropriate permissions to give the advice they are providing to the firm’s clients, and that they do not appear on the FSA website listing warning notices.*
- *Having Terms of Business agreements governing relationships, and clarifying respective responsibilities, with intermediaries introducing SIPP business.*
- *Routinely recording and reviewing the type (i.e. the nature of the SIPP investment) and size of investments recommended by intermediaries that give advice and introduce clients to the firm, so that potentially unsuitable SIPPs can be identified.*
- *Being able to identify anomalous investments, e.g. unusually small or large transactions or more ‘esoteric’ investments such as unquoted shares, together with the intermediary that introduced the business. This would enable the firm to seek appropriate clarification, e.g. from the client or their adviser, if it is concerned about the suitability of what was recommended.*
- *Requesting copies of the suitability reports provided to clients by the intermediary giving advice. While SIPP operators are not responsible for advice, having this information would enhance the*

firm's understanding of its clients, making the facilitation of unsuitable SIPPs less likely.

- *Routinely identifying instances of execution-only clients who have signed disclaimers taking responsibility for their investment decisions, and gathering and analysing data regarding the aggregate volume of such business.*
- *Identifying instances of clients waiving their cancellation rights, and the reasons for this."*

I have considered all of the above publications in their entirety. It is not necessary for me to quote more fully from the publications here.

The 2009 and 2012 Thematic Review Reports and the "Dear CEO" letter are not formal guidance (whereas the 2013 finalised guidance is). However all of the publications provide a reminder that the Principles for Businesses apply and are an indication of the kinds of things a SIPP operator might do to ensure it is treating its customers fairly and produce the outcomes envisaged by the Principles. In that respect, the publications which set out the regulators' expectations of what SIPP operators should be doing also go some way to indicate what I consider amounts to good industry practice, and I'm therefore satisfied it's appropriate to take them into account (as did the ombudsman whose decision was upheld by the court in the *Berkeley Burke* case).

Points to note about the SIPP publications include:

- The Principles on which the comments made in the publications are based have existed throughout the period covered by this complaint.
- The comments made in the publications apply to SIPP operators that provide a non-advisory service.
- Neither court in the *Adams* case considered the publications in the context of deciding what was fair and reasonable in all the circumstances. As already mentioned, the court has a different approach and was deciding different issues.
- What should be done by the SIPP operator to meet the regulatory obligations on it will always depend upon the circumstances.

The contract between IISL and Miss S

In her complaint, Miss S says IISL failed to assess her investment knowledge, attitude to risk, and personal circumstances.

For clarity, my decision is made on the understanding that IISL acted purely as a SIPP operator. IISL could not have given advice to Miss S or otherwise have ensured the suitability of the SIPP or the MBH investments for her. And I accept that IISL made it clear to Miss S in the terms and conditions of the SIPP that it wasn't giving advice; that it played an execution-only role in her SIPP investments; and that she was responsible for her investment decisions and the ongoing management of her investments.

So, I've proceeded on the understanding that IISL wasn't obliged – and wasn't able – to give advice to Miss S on the suitability of the SIPP or the MBH investments for her.

What did ML's obligations mean in practice?

In this case, the business IISL was conducting was its operation of SIPPs. And I'm satisfied that, to meet its regulatory obligations, when conducting its operation of SIPPs business, IISL had to decide whether to accept or reject SIPP business and/or investments with the Principles in mind. To be clear, I don't agree that it couldn't have rejected applications without contravening its regulatory permissions by giving advice.

The regulator's reports and guidance provided some examples of good practice observed by the FCA during its work with SIPP operators. This included being satisfied that an introducer is appropriate to deal with and that a particular investment is appropriate to accept. That involves conducting due diligence checks to make informed decisions about accepting business. This obligation was a continuing one.

I am satisfied that, to meet its regulatory obligations, when conducting its business, IISL was required to consider whether to accept or reject particular business, with the Principles in mind.

All in all I am satisfied that, in order to meet the appropriate standards of good industry practice and the obligations set by the regulator's rules and regulations, IISL should have carried out due diligence which was consistent with good industry practice and its regulatory obligations at the time. And in my opinion, IISL should have used the knowledge it gained from this to decide whether to accept SIPP business or a particular investment.

The involvement of third parties

I appreciated Miss S says she has lost a significant portion of her pension by believing she was being guided and represented by qualified financial advisers; that they would act on her behalf to make low to medium risk trades. And she says it wasn't her that placed the trades in MBH through her SIPP; it was instead someone claiming to be her. Whereas, IISL has explained that logging into her account required her unique security details and two-factor authentication.

Based on Miss S's testimony and the copies of communications she's provided, I'm satisfied that Miss S was not only in communication with third parties SWS and MA (and possibly SS too) at the time her IISL SIPP was set up and her MBH trades were placed, but also that she had shared her SIPP account and security information with them. In addition, the copies of communications Miss S has provided strongly suggest she was being paid a 3% fee by SWS for trades that were made in her SIPP.

IISL has said that it doesn't accept authority for a financial adviser to manage an account of a client in any instance. And it's also provided a copy of the terms and conditions relevant to Miss S's SIPP. These state that:

"14 Your obligations

...

You accept full responsibility for monitoring our SIPP Account. You shall notify us immediately if you become aware of:

- (a) The loss, theft or unauthorised use of your username or Password or SIPP Account number.*

...

14.4 You must make sure that your Password remains confidential at all times and you must take all responsible steps to:

- (a) stop any other person using your Password;*

(b) not disclose your full Password to any other person including any of our employees (whether over the telephone or otherwise);....”

I accept that Miss S says she's not experienced in making trades, she feels SWS took advantage of her and misled her that SWS, MA and SS were regulated IFAs, and that they introduced her to the IISL SIPP. But by her own testimony, I'm satisfied Miss S willingly shared her SIPP account and security details with SWS, MA and SS, to the extent that she believed MA and possibly also SS were managing her SIPP for her by making trades.

However, I need to consider whether IISL ought to have realised that these third parties were involved and/or that Miss S's SIPP account and security details had been shared with others and that she potentially wasn't in control of her SIPP.

The establishment of the IISL SIPP and the transfer of her pension monies

I've considered IISL's due diligence when accepting Miss S's SIPP business. However, I've not seen anything that would lead me to conclude IISL should have refused to accept her SIPP application and the transfer from her previous SIPP. I say this based on the documentary evidence I've been provided with.

The online IISL SIPP application submitted in respect of Miss S contained her contact details – I note these are the same email address, mobile phone number and physical address Miss S has given our Service. The application recorded that her intended investment type was 'collective funds'. And it contained the following confirmations:

- She'd read and accepted the SIPP terms and conditions and agreed to be bound by them;
- IISL hadn't given her any advice and wouldn't be responsible for any losses to her SIPP unless this was due to its wilful neglect or default.

On the same day, an online pension transfer request was submitted via the Origo system. Miss S was transferring from one SIPP to another, so it's not the case that she would be losing any guaranteed benefits by transferring from her ceding SIPP to an IISL SIPP. And there was no general requirement for customers to take advice before transferring a personal pension and/or making an investment.

IISL has provided a system record to show that Miss S's SIPP application passed its standard know your client, credit, fraud and identity checks. And I've not seen anything that makes me think IISL was, or ought to have been, aware that any third party might be involved in her application or was influencing her decisions.

Given all this, I don't think there was anything in Miss S's SIPP application or transfer application that meant IISL ought to have rejected those applications.

The MBH investment and the MBH trades made within Miss S's SIPP

As I've said above, IISL also needed to carry out appropriate due diligence checks on the MBH investment before allowing Miss S's SIPP monies to be invested in it. So, I've thought about the due diligence checks that IISL ought to have carried out on this particular investment before it should've accepted it as an appropriate investment for a SIPP. And whether the information it ought to have gathered should have led it, if acting in line with the Principles and guidance, to decline to accept that investment into its SIPP.

MBH was at that time listed on recognised stock exchanges and met the FCA's definition of a standard asset. The information I've seen suggests MBH shares were being regularly traded, and IISL has said that there were no liquidity issues with this investment. So, I think IISL could take comfort from the fact that this investment was a standard asset and had met the listing requirements of recognised stock exchanges. And the MBH investment doesn't appear to have been fraudulent or a scam.

Taking everything into account, I haven't seen sufficient evidence to persuade me that IISL should have refused to accept the MBH investment into its SIPPs at the time Miss S's investments in it were made.

Miss S says MBH was a high risk investment, and not suitable for her in her personal circumstances. But whether the MBH investment carried a high degree of risk does not mean that IISL, acting in line with the Principles and guidance, should not have permitted it to be held in its SIPP. SIPP investors may choose to invest in high-risk investments. Although it was a high risk investment, that's not a reason for IISL to have refused Miss S's requests to invest in MBH. IISL was not required to assess the suitability of the investment for Miss S.

And I don't think there was anything about the online trades that meant IISL ought not to have executed them. IISL has explained that Miss S's account would have been accessed via her email address and password, and then two-factor authentication via her mobile phone number. And as I've said, Miss S's online IISL SIPP application contained her correct email address, mobile phone number and physical address. And the evidence and testimony from Miss S makes clear that she shared her SIPP login details, at least at the start, so that SWS, MA and/or SS could carry out trades for her. So I think it's more likely than not that Miss S would also have shared with them any two-factor authentication codes sent to her mobile, particularly as the documentary evidence suggests she was keen for the trades to go ahead. In addition, the contract notes for each of the MBH trades are addressed to Miss S using her contact details.

Taking everything into account, I don't think there was any reason for IISL to question whether it was Miss S that had made online instructions for these MBH trades.

I note that on 9 December 2020, Miss S messaged IISL to say *"Can you advise if any earnings have been paid from my account to [me] or any other bank accounts since opening this trade account on 5.3.20. If so how much and the account names and number please."* IISL replied that nothing had been withdrawn from her account.

In my view this message is a little unusual, because it suggests a degree of confusion and uncertainty on Miss S's part about her SIPP; it would be reasonable to think a client would already know whether any 'earnings' had been paid out of their SIPP and to who, because such a payment would almost certainly have been made on their instruction. Especially when the SIPP in question had been open for less than a year.

But in the absence of any other red flags, I don't think this message alone was enough for IISL to reasonably have concerns about Miss S's SIPP account such that it ought to have asked her further questions about the circumstances of how her SIPP and MBH investments had come about and about the management of her account.

And even if I thought this message alone ought to have prompted IISL to ask Miss S further questions (which I don't), I think it's unlikely Miss S would have told it about the involvement of SWS, MA and SS. I say this because when IISL's own later, unrelated, investigation in 2022 did cause it to try to contact Miss S by telephone and then by letter in order to ask about any other parties that might have been involved in her SIPP and investments, I've not

seen that Miss S provided any response. And in any case, most of the trades on her SIPP (both in number and value) had already been carried out by this point.

I can understand why Miss S would want to try to pursue SWS for compensation, and she has asked our Service how she can do so. But I'm afraid our Service can't advise or guide Miss S in this, as that's simply not our role. However I note Miss S has been represented here by a professional representative, so she could discuss potential next steps about SWS with them if she wanted to. I should point out, though, that it's very possible a complaint about SWS would not fall within our Service's jurisdiction, as the evidence I've seen suggests that at the time of the relevant events SWS was not regulated by the FCA or acting on behalf of any such regulated firm.

Conclusion

IISL needed to carry out checks in accordance with the regulator's rules, Principles and good industry practice before accepting Miss S's SIPP application and instructions to invest in MBH.

Overall, I don't think there was anything at that time that ought reasonably to have caused IISL concern about Miss S's SIPP business, pension transfer, the MBH investment or allowing Miss S's SIPP monies to be invested in MBH.

And even if IISL had asked Miss S further questions earlier than it in fact did, I don't think IISL would have been provided with any further information at the time that ought to have led it to be concerned about her SIPP and MBH investments.

I appreciate this is not the answer Miss S hoped for. But taking everything into account, I do not uphold this complaint.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 25 July 2025.

Ailsa Wiltshire
Ombudsman