

The complaint

Mr G complains Financial Administration Services Limited (Fidelity) has unfairly continued to charge fees on his ISA after he instigated a transfer to a new provider.

What happened

Mr G held an ISA with Fidelity for a number of years. In 2023, he decided to transfer his investment to a new provider. Fidelity completed the transfer, but said it was unable to transfer the investments Mr G held in suspended funds.

In April 2024, Mr G queried with Fidelity why he was still paying charges on his account as the only reason it wasn't closed was because he couldn't transfer the suspended funds. Fidelity responded but said it would still apply charges while the suspended funds remain in the account. Unhappy with this, Mr G raised a complaint.

Fidelity responded but didn't uphold it. In summary it said:

- Fund suspensions are completely out of its control, and it has no involvement in the winding up of the funds. Whilst this is ongoing, the account remains open as it is unable to sell the units in the funds as they are closed for dealing.
- Its Service Fee and Investor Fee are used to cover the administrative costs of running the account and the services it provides, such as producing regular statements and valuations, access to the account online, customer communications as well as other support services.
- As it provides these services, even when dealing in a fund is suspended, it will continue to charge fees.
- As it cannot sell from the fund due to the suspension, fees are deducted from cash in the account. If there is insufficient cash in the account, fees will be unable to be deducted until further cash is received into the account from future compensation that may be paid.

Mr G didn't accept the response and referred his complaint to this service for an independent review. One of our investigators looked into the complaint. He didn't think it should be upheld. In summary, he found Fidelity are entitled to take service fees while funds are suspended as they are still providing a service and aren't the reason the fund was suspended.

Mr G didn't agree. In summary, he said:

- He doesn't want the service from Fidelity and has asked for it to close his account.
- He accepts Fidelity are not at fault in respect of the fund's suspension, but it is continuing to provide a 'service' that he does not want and involves the availability of a trading function which he cannot use.
- Due to the position of the fund, Fidelity is not providing the same service as it would with any other asset. It should not, therefore, charge a fee based upon a full service.

As no agreement could be reached, the complaint has been passed to me to reach 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.

I understand Mr G's strength of feeling on the complaint and why he considers it is unfair for him to pay service charges when the only reason his account remains open with Fidelity is due to the suspension of the remaining fund, he holds units in.

However, for the reasons I set out below, I'm not persuaded Fidelity has made an error or treated him unfairly by continuing to deduct charges when payments are received into his account to cover fees.

It doesn't appear to be in dispute that Fidelity holds no responsibility for the suspension of the fund Mr G holds units in or has any influence on the timescales for the wind-up of the fund.

Fidelity has explained that Mr G's ISA attracted two types of service charge, a service fee and an investor fee.

It says, since transferring away most of his funds in May 2023, Mr G hasn't been charged anything for the service fee for his ISA. This fee is based on a percentage of the value of his holding, and due to the value attributed to his investments this hasn't attracted a charge.

Fidelity has confirmed, Mr G has paid approximately £48 in investor fees since May 2023. When money has been due to him from his suspended fund, part of this has been taken to cover the outstanding fees due.

Having reviewed what Fidelity has set out, it appears to be a common type of charge customers face when holding investments on a platform. The crux of Mr G's concerns arise from the fact he is incurring charges for a product he no longer wants. This is due to the specific circumstances he finds himself in where he is only holding an account (and incurring fees) because he can't sell the suspended fund units.

Fidelity has provided a breakdown of the service it has provided to Mr G since he transferred most of his funds away (in May 2023) to justify the fees it has collected during the period. This includes sending costs and charges summary documents, statements and sending seven letters providing updates about his closed fund's compensation payments. It also said it has processed interest payments (totalling over £200), rebates and fund distributions payments, as well as seven separate withdrawals. It confirmed Mr G has logged into his online account regularly both before and since transferring his other holdings away, so says he is therefore also using this service.

I acknowledge, Mr G wasn't using any services to buy or sell investments or complete transactions, although this service was still available to him while his account remained open. But I'm satisfied that he was receiving a service from Fidelity during the period since he transferred most of his investments away. I note he hasn't paid the full service charge during this period, as no service fee has been collected in this time, just the investor fee when funds came into the ISA.

I have taken into account that Fidelity didn't charge Mr G any fees when there were no funds available in the ISA, despite it providing a service to him during this time. It was only when Mr G did receive a distribution payment in April 2024, Fidelity did deduct fees again. Having considered everything provided, I'm not persuaded it was unfair of Fidelity to do this.

I'm satisfied Fidelity is entitled to charge the fees it set out – for the reasons I've already covered. The service charge also wasn't dependent on the performance of the investment.

There wasn't a specific requirement for it to suspend fees. But it did refrain from doing so for a period of time and didn't invoice or request payment. Fidelity has also confirmed it is possible that it will never be able to collect all of the fees due as it only collects fees from available cash in the account. So, if Mr G doesn't realise any further monies from his investments, it would not invoice him to collect any outstanding fees. It says this is an accepted risk for its business based on treating him, and other customers, fairly. This is particularly relevant in the circumstances where there is a loss on Mr G's remaining investments because he won't be charged any further fees.

I acknowledge Mr G's frustration that he feels he is paying for something he doesn't want and has asked for his account to be closed. But it is the circumstances surrounding the fund he invested in which is preventing his account from being closed, and him ending his relationship with Fidelity. As already explained, this is not something Fidelity is in control of. And as covered above, if there are no funds available in the account, he isn't being charged, so I don't think Mr G has suffered a loss in this respect.

On balance, I'm not satisfied Fidelity has treated Mr G unfairly by deducting fees since he transferred most of his investments away in May 2023. So, it follows I won't be asking Fidelity to refund any fees or do anything further.

My final decision

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 February 2025.

Daniel Little
Ombudsman