

## The complaint

Mrs P complains that IPS Pensions Limited (IPS) failed to follow her Independent Financial Adviser's (IFA) instructions to buy £100K of investments for her Self-Invested Personal Pension (SIPP). This SIPP jointly holds investments with one other person.

To put things right, Mrs P would like IPS to refund the fees she's paid.

Mrs P is represented in her complaint. But I'll only refer to her in my decision.

## What happened

I understand that Mrs P has a joint SIPP with one other person which holds their joint investments and cash account. This is a dual trustee plan called the IPS Pension Builder SIPP. This complaint is about an investment both she and the other SIPP holder wished to make on their joint account.

In August 2020, IPS wrote to Mrs P's IFA about her application to open an account with an investment manager I'll refer to as manager S. IPS said it wouldn't accept applications: "*for investment managers with whom we do not currently have a working relationship*". And noted that it didn't have a working relationship with manager S. It said it therefore couldn't progress the application.

IPS told Mrs P's IFA to refer to its website for details about the investment managers it did already have a relationship with.

Mrs P's IFA felt what IPS had told him wasn't correct. He said he'd set up similar accounts with many other clients he had with IPS. He also sent it a screenshot from its website which he said stated IPS did have a working relationship with manager S.

IPS replied to Mrs P's IFA to tell him that the IPS Pension Builder SIPP – the account Mrs P held with it – didn't have terms of business with manager S. It said this was unlikely to change, and explained why, noting that manager S had confirmed it wouldn't open an account on a dual trustee basis. It said this meant it couldn't proceed with the application.

IPS referred Mrs P's IFA to its website for a list of investment managers it could work with. But noted that he should contact it before completing any application forms as it said not all investment managers on the list would be suitable for the type of SIPP involved.

In May 2022, IPS wrote to Mrs P's IFA after he'd called it. It said that Mrs P could open an account for her joint SIPP through manager S. It explained what the IFA would need to do to apply. The evidence shows that Mrs P's IFA then made an unsuccessful attempt to apply for a manager S account for Mrs P's joint SIPP later that month.

Mrs P's IFA called IPS on 3 October 2023 to ask for the forms required to set up a manager S account on her joint SIPP. IPS confirmed that the forms weren't available as a manager S account couldn't be opened in the IPS Pension Builder SIPP.

On 20 November 2023, Mrs P's IFA sent a secure message to IPS. He said he couldn't

complete the “*compulsory section*” which asked for a fund manager, as he didn’t have a specific fund manager. He then asked IPS to arrange to buy a list of securities for Mrs P’s SIPP which totalled £100K:

As he hadn’t heard from IPS, Mrs P’s IFA sent a further secure message on 13 December 2023. He asked it to confirm that it’d made the investments and to send him the contract notes.

IPS replied on 19 December 2023. It said there appeared to be an issue with its system so it hadn’t received the 20 November 2023 message. It said it’d asked for this to be investigated.

IPS asked Mrs P’s IFA where the investments were to be held. It offered two options

- The Whole of Market Module
- Through a named execution only manager where he should be able to trade online himself.

IPS said that once Mrs P’s IFA had confirmed how he wanted to process the investment request it would be able to confirm if that was possible. It would then confirm next steps.

Mrs P’s IFA replied the same day. He said he’d told IPS that he wanted to trade and hold the investments with manager S. But he’d been told this wasn’t possible. He said as IPS hadn’t acted on the 20 November 2023 buying instructions, it would be responsible for any loss. He said he still expected his instructions to be executed.

On 28 December 2023, IPS sent Mrs P’s IFA a secure message. It said Mrs P’s joint SIPP had no mechanism set up for following the buying instructions. And that it couldn’t buy the listed securities until it knew which of the following two options the IFA wanted to use:

- an account with an investment manager. It added a full list of managers that could be used.
- The Whole of Market Module.

It asked Mrs P’s IFA to let it know his chosen option so it could progress the purchases.

On 16 February 2024, Mrs P’s IFA asked IPS to buy the listed securities through its Whole of Market model.

IPS replied the same day. It understood that the IFA had already been told that the Whole of Market model couldn’t be used. And that the assets he’d instructed could only be held through an investment manager. It again provided a list of investment managers.

Mrs P’s IFA complained to IPS on 20 February 2024. He felt he’d given it clear instructions to buy securities using manager S, an execution only stockbroker. He said IPS had dealt with manager S for years on another of his clients. He said Mrs P’s SIPP wasn’t fit for purpose as his clients couldn’t invest their pension funds. He felt that IPS had failed to act on his clear instruction, leading to a loss for his clients. And asked it to refund all of the fees it’d charged.

IPS replied the following day. It acknowledged it’d provided Mrs P’s IFA with conflicting and inaccurate information. And apologised. It confirmed that it wasn’t possible to hold either a manager S account, or an account with the execution only manager it’d named in its 19 December 2023 reply, within an IPS Pension Builder SIPP. It also explained that as the

purchase instruction was for securities, it couldn't hold such assets directly within the SIPP. Instead, they had to be held through an investment manager. IPS re-sent the list of investment managers that could be used. And said that if Mrs P's IFA wanted to purchase the assets, he'd need to appoint one of the listed managers first. It explained how to do this.

Mrs P's IFA replied on 11 March 2024. He said IPS did use manager S. The IFA said it was his choice for trading and holding the securities. And that manager S had confirmed that it was still able to open accounts for IPS. He asked IPS to act on his instructions.

IPS replied the following day. It reiterated that although there were some existing Pension Builder SIPP's that held a manager S account, that was no longer possible. It said manager S was closed to new business for the IPS Pension Builder SIPP. It also said that it wouldn't be able to proceed with the purchase instruction if Mrs P's IFA didn't choose an alternative investment manager from the list it'd sent.

Mrs P's IFA replied to say he didn't need an investment manager. He felt it was IPS's decision not to deal with manager S. So it was its responsibility to provide an alternative.

On 25 March 2024, IPS issued its final response to Mrs P. It acknowledged that her IFA was aware of some existing IPS Pension Builder SIPP's that held a manager S account, but said it was no longer possible as manager S was closed to new business for that type of SIPP. It said it'd told Mrs P's IFA this on its call with him on 3 October 2023.

IPS didn't uphold the complaint that it'd failed to act on a clear instruction, or that the SIPP wasn't fit for purpose. But it apologised for the length of time it'd taken to respond to Mrs P's IFA's secure messages and for the incorrect information it'd supplied.

IPS offered Mrs P £100 compensation to apologise for the delays and miscommunications and to recognise the distress and upset caused.

In October 2024, Mrs P brought her complaint to this service. She felt that IPS had unfairly refused to allow her to use manager S, who she wanted to use to buy £100K of investments within the joint SIPP. Mrs P said that manager S had confirmed it was available for SIPP's with IPS, noting IPS was dealing with manager S for other clients.

Mrs P said that IPS had given incorrect information when it'd told her IFA that she must use outside investment managers. Her IFA had explained that Mrs P didn't accept the extra charges and fees, nor the investment management, of an external manager.

Mrs P said she'd suffered a financial loss as she'd missed out on the investments she'd requested but which weren't made. She felt IPS should've acted on her IFA's clear instruction to buy the investments. She felt that as IPS hadn't provided the full SIPP service, it should refund the fees it'd charged for the service.

IPS made a settlement offer to Mrs P in an attempt to resolve her complaint.

IPS said Mrs P wanted to have an account with manager S. But that wasn't possible on the joint SIPP because IPS didn't allow new business with manager S. However, IPS customers with an existing manager S account could still add additional monies to them.

IPS said that its website explained what the permitted investments within Mrs P's type of scheme were. It said it'd explained that it couldn't permit her to take the action she wanted to take when it had its initial call with her IFA.

IPS offered Mrs P £350 in acknowledgement of the subsequent incorrect information that it'd

provided to her IFA. And because it felt it'd taken too long to reiterate what it'd told the IFA during its initial phone call with him, when it said it'd made it clear that it couldn't permit what Mrs P wanted to do.

IPS said that it couldn't in any event carry out any loss calculations, as the money Mrs P had wanted to be invested had yet to be invested. It also noted that Mrs P wanted a fee refund. It said it wouldn't do this as those fees would've always been payable.

Our investigator put IPS's offer to Mrs P, who rejected it. Her IFA made the following points:

- He felt manager S was willing to open an account for the joint SIPP Mrs P had. He referred to the message IPS had sent him about this in May 2022.
- He felt that the list of investment managers contained Discretionary Fund Managers (DFMs), rather than execution only managers.
- He provided evidence that the £100K Mrs P wanted to invest was still in cash.

Our investigator asked IPS for further information about the joint SIPP. It said it'd rejected Mrs P's request to open an account with manager S both in 2020 and in 2023. It said the reasons for the rejection remained that Mrs P's SIPP no longer had terms of business with manager S. It said this was unlikely to change because the SIPP was a dual signatory SIPP and manager S had confirmed it wouldn't open an account on a dual trustee basis.

IPS noted that manager S would open an account on another of its SIPPs, as it was set up differently and wasn't dual trustee. It said this would've been why it'd mistakenly told Mrs P's IFA that Mrs P could open a manager S account. IPS said the IFA would've needed to specify the type of IPS SIPP, rather than just ask about a SIPP, as Mrs P's SIPP wasn't a standard one.

IPS also said that it wasn't permitted to provide advice to its customers under FCA regulations. As such, it was up to Mrs P and/or her IFA to ensure she had the most suitable SIPP for her needs and requirements.

Our investigator issued his first view on the complaint on 31 October 2024. He didn't think IPS should be required to take any further steps than it'd already offered to take to put things right. He acknowledged that manager S, which Mrs P wanted to use, wasn't available. But felt that Mrs P could choose one of IPS's investment managers to buy investments in the joint SIPP. And felt that the £350 IPS had offered Mrs P for the trouble and upset it'd caused was fair and reasonable for the misleading information it'd given.

Mrs P didn't agree with our investigator. Her IFA made the following points:

- While he agreed that we couldn't tell IPS to use manager S, he felt that IPS should be required to refund the SIPP fees it'd charged.
- He felt IPS had failed to fulfil its duties and obligations as pension provider to Mrs P by refusing to act on the £100K investment instruction.
- He felt that Treating Customers Fairly and the Consumer Duties rules applied to Mrs P. He said that the lack of action IPS had taken and its failure to act in Mrs P's best interests was in breach of the law. He felt that IPS had charged full SIPP fees despite refusing to implement the ability to invest in stocks and shares and other securities.

IPS maintained it'd done nothing wrong. It said it was manager S who'd said it wouldn't set

up an account on Mrs P's type of SIPP. It also noted that as it'd provided details of the other investment managers that Mrs P could use instead of manager S, it wasn't stopping any ability to invest. It said that the requirements for Mrs P's type of SIPP were clear and available on its website.

Our investigator asked IPS to provide information about investment managers it worked with which could offer Mrs P execution-only dealing.

IPS said it only acted as the receiver and transmitter of orders. As such, it said it was Mrs P's or her IFA's responsibility to confirm if any of the investment managers it worked with offered execution only dealing for Mrs P's type of SIPP. IPS repeated its point that it was manager S who wouldn't set up an account on Mrs P's type of SIPP, not a decision it had made.

Our investigator considered what both parties had said. Having done so, he felt that IPS's £350 compensation offer was fair for the misleading information it'd provided. He felt that Mrs P should've been aware in May 2020 that she couldn't use manager S, noting this was at least three years before she complained about it. He therefore felt that it shouldn't have been surprising when she still couldn't open a manager S account for her type of SIPP in 2023.

Our investigator noted that the Consumer Duty didn't apply to Mrs P's complaint as her type of SIPP was closed to new business. But despite acknowledging that the Treating Customers Fairly framework and the law did apply to the complaint, he didn't consider they meant it would be fair and reasonable to override IPS's commercial decisions about which investment managers it chose to have commercial relationships with. He said he couldn't tell IPS which investment managers to work with.

Our investigator noted that in any event, manager S had said that it wouldn't open an account with a dual trustee SIPP like Mrs P's joint SIPP. He said that wasn't IPS's responsibility. Overall, he felt that there was no evidence that IPS was preventing Mrs P from buying investments.

Mrs P didn't agree with our investigator. Her IFA made the following points:

- He didn't think it was fair for IPS to force Mrs P to use another DFM with another layer of administration and fees. He felt it should've told him clearly which investment managers could open a dual trustees account on an execution only basis.
- He felt he'd given clear instructions to purchase £100K of investments. He felt IPS should've acted on that instruction, noting its failure to do so had caused Mrs P financial harm.
- Given he felt IPS had failed in its duties he felt it was only fair that it should refund the fees it'd charged. He didn't think IPS had acted helpfully when it'd simply pushed back every time he'd tried to get it to progress the investment instruction. He felt IPS should've made it easy for Mrs P to invest, as that was what it was charging fees for.
- He felt IPS was ultimately responsible for the proper running of the SIPP. And that it'd failed in those duties. He said IPS had never put forward a solution. He also said it'd never evidenced that manager S had refused to open an execution only account. He felt he had produced evidence that manager S could and would open an execution only account for IPS customers. And questioned why this couldn't be done for Mrs P.

As agreement couldn't be reached, the complaint has come to me for a review.

### **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.

Having done so, I agree with our investigator that the compensation IPS has offered to pay Mrs P for the distress and inconvenience it's caused her is fair under the circumstances of this complaint. But I also agree that IPS acted fairly when it said it couldn't open a manager S account for Mrs P. I know this will be disappointing. I'll explain the reasons for my decision.

Having reviewed all of the evidence provided, I note that IPS made the following errors:

- It gave Mrs P's IFA incorrect information in its May 2022 message when it said it was possible to open a manager S account. IPS has explained that it made this mistake because the IFA's request hadn't specified that the account was needed for Mrs P's type of SIPP.
- It didn't receive the IFA's 20 November 2023 investment instruction. The IFA had to chase it for a response, at which point it acknowledged it had a systems issue that it was investigating.
- It provided incorrect information to the IFA on 19 December 2023 when it told him Mrs P could use its Whole of Market module. It was also wrong to say that a named execution only broker could also be used. The evidence shows that IPS repeated the Whole of Market error in its 28 December 2023 email.

I've gone on to consider whether these errors led to financial loss for Mrs P. And whether they mean that IPS should fairly refund her SIPP fees.

I first considered whether IPS unfairly failed to act on Mrs P's November 2023 investment instruction.

#### *Did IPS fail to act on Mrs P's investment instruction?*

Mrs P's IFA sent a secure message to IPS on 20 November 2023. Within that message, he felt he'd given clear instructions to purchase £100K of investments.

The evidence shows that in August 2020, IPS clearly explained to the IFA that the type of joint SIPP Mrs P held with it didn't have terms of business with manager S. And this was unlikely to change, noting that it was manager S's decision to refuse to open an account on a dual trustee basis. I think this made it clear that it wasn't possible to set up an account with manager S for the joint SIPP Mrs P held.

Also in August 2020, IPS referred Mrs P's IFA to its website for a list of investment managers it could work with. But it explained that he would need to contact it before completing any application as not all investment managers on the list would be suitable for Mrs P's type of joint SIPP. I've not been provided with any evidence that Mrs P went on to open an account with a different investment manager at this stage.

Then in May 2022, Mrs P's IFA called IPS as Mrs P still wanted to open an account for his SIPP through manager S. IPS made a mistake at this point as it didn't check what type of SIPP this request was in respect of. So it told the IFA what he'd need to do rather than explaining again that a manager S account wasn't available with Mrs P's joint SIPP. While I

can see that Mrs P's IFA then made an attempt to apply for a manager S account, there's no evidence that one was set up for Mrs P's joint SIPP at this time. And that failure would've made it clear that it wasn't possible to open an account with manager S.

When Mrs P's IFA sent IPS the investment instruction, he hadn't been able to complete the "*compulsory section*" which asked for a fund manager. IPS acknowledged that it didn't receive the instruction at that time due to a systems error. So Mrs P's IFA had to chase it in December 2023.

I'm satisfied that the evidence shows that Mrs P's IFA knew Mrs P didn't have a manager S account when he sent in the 20 November 2023 instruction. And that he knew this was needed, as he stated he hadn't been able to complete a mandatory section. I'm therefore not persuaded that he should've expected the instructed trades to go ahead at this time.

IPS is the SIPP administrator but it doesn't offer dealing services. It also can't recommend an investment manager. This meant that Mrs P had to choose a suitable investment manager before she could expect IPS to follow the investment instructions her IFA had sent.

I can see that Mrs P wanted to use manager S for this purpose. I acknowledge that her IFA didn't think it was fair for IPS to force Mrs P to use a more expensive provider than the one she wanted to use. And that he felt that IPS should've been more helpful in explaining which investment managers could open a dual trustees account on an execution only basis.

I also acknowledge that Mrs P's IFA felt that he'd evidenced that manager S could and would open an execution only account for IPS customers, while IPS hadn't evidenced that it was manager S which had refused to open an execution only account.

There's no evidence that IPS forced Mrs P to choose a more expensive provider. The evidence shows that IPS clearly explained that manager S wasn't prepared to set up an account for the type of joint SIPP Mrs P held. Therefore she needed to choose another investment manager before IPS could follow her investment instruction. I agree with IPS that it isn't unreasonable for it to have certain requirements on which investment managers can be used. And that it's Mrs P/her IFA's responsibility to find a suitable investment manager for her needs from those available.

I'm also not persuaded that Mrs P's IFA has provided evidence that manager S would open an execution account for Mrs P, given her type of joint SIPP. But IPS has provided evidence that manager S couldn't be used for Mrs P's type of joint SIPP. It has shared its execution-only dealing document which states: "*Please note: [manager S] is only available for investments made on the Modular iSIPP and Wrap*".

As there's no evidence that Mrs P chose an alternative investment manager, I can't fairly hold IPS responsible for not following the investment instruction. Nor can I hold IPS responsible for manager S's decision not to allow consumers with SIPPs like Mrs P's joint SIPP to open an account with it.

I've considered whether IPS's systems error caused a delay to the investment request. But, as I understand the requested investments have never been made, I can't fairly say that it did.

Overall, I'm not persuaded that IPS's errors led to a financial loss for Mrs P.

I next considered whether the errors IPS made and the fact that Mrs P can't open a manager S account means it should fairly refund her SIPP fees.

### *Should IPS fairly refund Mrs P's SIPP fees?*

I agree with Mrs P's IFA that IPS is responsible for the proper running of the SIPP. But I'm not persuaded that it failed in those duties. I'll explain why.

As the SIPP administrator, IPS is entitled to charge fees for the work it needs to carry out to administer the SIPP. I've not been presented with any evidence that it has failed in its duties here or that it charged those fees incorrectly.

I acknowledge that Mrs P's IFA feels that IPS never suggested a solution to the issue Mrs P was facing. But I can't fairly agree.

I say this because the evidence shows that IPS made it clear that manager S wouldn't offer dealing services for a dual trustee SIPP. It therefore wasn't its decision to prevent Mrs P from using the investment manager of her choice. The evidence also shows that IPS explained where Mrs P's IFA could find alternative investment managers.

I'm therefore not persuaded that IPS was unhelpful when Mrs P's IFA was trying to progress the investment instruction. And I can't reasonably ask it to refund the SIPP fees.

I finally considered whether the compensation IPS has offered is fair.

### *Distress and inconvenience*

IPS offered Mrs P £350 compensation. It said this was because, despite initially correctly informing Mrs P's IFA that Mrs P wouldn't be able to open a manager S account for her joint SIPP, it acknowledged that there were occasions where it'd provided incorrect information. It also felt that it'd taken too long to reconfirm that it wasn't possible to open a manager S account on the joint SIPP.

I listed the errors IPS made earlier in my decision. I also considered whether those errors led to a financial loss for Mrs P.

I've considered whether the £350 compensation IPS has offered Mrs P for those errors is fair under the circumstances of this complaint. And whether it's in line with what I would've otherwise offered.

Having done so, I think that it is. I say this because despite these errors, I'm satisfied that IPS made it clear to Mrs P through her IFA what she needed to do so that the trades she instructed could be made. The evidence shows that she didn't take those actions. I'm therefore not persuaded that the errors had a material impact on Mrs P, other than the distress and inconvenience they clearly caused. As such, I'm not going to ask IPS to increase its compensation offer.

Overall, I'm satisfied that IPS's offer of £350 compensation for the errors it made is fair and reasonable under the circumstances of this complaint. As it's not clear from the evidence provided whether IPS has already paid this amount to Mrs P, I uphold the complaint. But I don't require IPS to take additional steps over and above what it has already offered to do to put things right.

### **Putting things right**

IPS Pensions Limited must pay Mrs P the £350 compensation it has offered. If it has already paid any compensation to her, it can deduct the amount paid first.



**My final decision**

For the reasons set out above, I uphold Mrs P's complaint. IPS Pensions Limited must take the action detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 26 June 2025.

Jo Occleshaw  
**Ombudsman**