

The complaint

Mr H complains Financial Administration Services Limited trading as Fidelity unreasonably prevented him cancelling a transfer to his Fidelity plan and return the funds to his previous pension provider which caused him a financial loss.

What happened

Mr H had a pension policy with another provider I'll refer to as "S" invested in the TSB Managed Fund 2 (6,202.69 units). He also has a self-invested personal pension ("SIPP") held with Financial Administration Services Limited trading as Fidelity ("Fidelity"), which he's held since 2019.

In late January 2024 Mr H decided to transfer funds from his S policy to Fidelity sufficient to benefit from a £500 incentive it was offering on transfers of £50,000 and over. He originally wanted to transfer just £50,000, but as S didn't allow partial transfers from policies like his, Mr H submitted revised instructions on 5 February 2024 for a full transfer. Fidelity chased progress with S on 13 and 16 February 2024. S finally sent just over £67,367 (calculated using the 5 February 2024 unit price of £10.873) to Fidelity on 20 February 2024. But Mr H regretted instructing the transfer as the amount received into his Fidelity plan was around £800 less than he'd expected, which outweighed the £500 incentive payment.

Fidelity's confirmation letter to Mr H of 23 February 2024 included a paragraph which said he had the right to cancel the transfer within 30 days from the date of the letter. But it warned that while he could ask if the funds could be returned, the request might be refused and there may be a charge. Mr H asked Fidelity about cancelling the transfer, chasing when they didn't respond. In April 2024 Mr H made another cancellation request and then raised a formal complaint. On 3 April 2024 Fidelity said the transfer couldn't be cancelled their end, Mr H would need to speak to S about arranging to return the funds, and to query the calculation of the transfer value. Mr H reiterated that he wanted to cancel the transfer and said he had spoken to S about it.

In April 2024 Mr H transferred another plan valued at around £33,000 to his Fidelity SIPP, and as the total of these two plans exceeded £100,000, the incentive payment was now £1,000 rather than £500.

In its initial response to the complaint in May 2024, Fidelity misinformed Mr H by telling him the 30-day cancellation rights only applied to transfers into a new plan, not an existing SIPP, which was incorrect. But as the 30 days had now passed, Fidelity said if Mr H wanted to transfer the funds back to S, he'd need to arrange that himself.

In its second response in June 2024, Fidelity explained that a transfer back to S would be treated as a new instruction rather than a cancellation of the original transfer. But it paid £50 into Mr H's SIPP cash management account ("CMA") in respect of the incorrect information he'd been told. Mr H said he'd given his cancellation instructions within 30 days of Fidelity's 23 February 2024 letter, and if they'd been acted on and his funds returned to S and reinvested his plan would've grown by an additional £4,956, which he thought Fidelity should pay. But rather than arranging to transfer the funds back to S, Mr H chose to keep them

uninvested in the CMA of his Fidelity SIPP. Later in 2024 Mr H decided to crystallise his Fidelity SIPP, make a tax-free cash withdrawal and move the remainder into drawdown. He's made a separate complaint about this, which doesn't form part of this decision, it's just mentioned here for completeness.

Mr H had also complained to S as it calculated the plan value on 6 February but not sent the funds to Fidelity until 20 February when the value would've been higher. S accepted it had caused a delay, without which the funds would've been received and invested by 13 February 2024. So it offered to do a loss calculation based on the actual investments in Mr H's SIPP. Fidelity confirmed the funds had been received on 23 February 2024 and were held in the cash account of Mr H's SIPP. The complaint against S hasn't been brought to this service.

Mr H referred his complaint against Fidelity to this service in September 2024. Fidelity issued a further complaint response in November 2024, most of which concerned his separate complaint about the tax-free cash withdrawal, for which it offered compensation. In relation to this complaint (the failed cancellation), Fidelity acknowledged Mr H had been entitled to cancel the transfer and send the funds back to S, but doing so was no longer possible now his funds were crystallised, and S wouldn't accept crystallised funds back. This point was reiterated by Fidelity in December 2024.

With its business file submission, Fidelity confirmed Mr H had received an incentive payment of £1,000 based on the combined value of the two plans he transferred, plus he'd benefitted from Fidelity's lower fees and received interest of over £2,000 on his CMA. And it said that it had paid Mr H a total of £850 compensation, (in relation to both complaints), plus a cash adjustment in relation to the tax-free cash complaint.

In January 2025 our investigator upheld the cancellation complaint, as he felt Fidelity should have acted on Mr H's instructions and enabled him to return the funds to S. But putting things right was complicated, now that Mr H had taken a withdrawal and moved the balance into a drawdown plan and S wouldn't accept the return of crystallised funds. The investigator said Fidelity should perform a loss calculation based on the funds being returned to S on 5 March 2024 and then used to purchase the relevant number of units in the same fund his policy was in previously (TSB Managed Fund), using the ten working day timescale set out in the Transfers and Re-Registration Group (TRIG) guidance. And then to compare the notional value of Mr H's S plan with the actual value of his Fidelity SIPP, factoring in the tax-free lump sum withdrawal, any applicable fees, the incentive payment he'd received and any growth. If the actual value was greater than the notional value, then Mr H has benefitted from the transfer and no redress would be payable. If the calculation did show a loss, the redress should be paid into Mr H's pension, and if this wasn't possible, he set out a cash alternative, making the usual notional deduction to reflect the income tax which would be charged on pension income.

The investigator also made a finding on the tax-free cash complaint point, which is not relevant to this decision, so I won't replicate it here. But in terms of the trouble and upset he said the total compensation of £850 for the two complaints which Fidelity had paid was sufficient.

Mr H didn't agree with the investigator's proposal to put things right, as he expected his S policy to be reinstated with the same number of units as it had before. And he couldn't make a decision on the investigator's findings without knowing the compensation he'd receive. So Mr H thought Fidelity should perform the loss calculation before he decided whether to accept. But the investigator explained our role is simply to set out the methodology we expect the business to follow, we don't expect the loss calculation to be carried out unless the consumer has accepted the principle.

Fidelity didn't agree with the investigator either, saying it wasn't fair or reasonable to base the outcome on Mr H transferring his funds back to S, when he hadn't actually done so. And prior to the cancellation it had been Mr H's responsibility to contact S to check it would accept the funds back, which he hadn't done. They pointed to Mr H's "*fundamental misunderstanding*" about how the cancellation would've worked, as the funds would not have been returned to S and reinvested at the price they'd been sold for on 6 February 2024. The investigator still thought Fidelity should put things right, as it had given Mr H incorrect information about his cancellation rights.

To perform the loss calculation, Fidelity had to wait for S to provide a notional value of Mr H's plan as at 19 March 2024, the effective date the funds would've been returned and reinvested, had the cancellation been actioned. Fidelity said its calculation would also factor in the cashback reward, Fidelity's fees being lower than S, the interest Mr H earned on his CMA and the withdrawal he'd made.

In April 2025 one of my ombudsman colleagues contacted S to chase the notional value of Mr H's plan to enable Fidelity to perform the loss calculation. But by this time Mr H's patience was exhausted, and he asked for an ombudsman's decision. So at the end of May 2025 the case was allocated to me.

In June 2025 before I had completed my review of the case, Fidelity wrote to Mr H with the outcome of the loss calculation, making a cash offer to settle the complaint. This set out the notional value of Mr H's plan had the cash (around £67,367) been returned to S and reinvested in the same Lloyds TSB fund on 19 March 2024, which at that point would've purchased 6,058.22 units at £11.12 per unit. It assumed Mr H would've still crystallised his plan (but with S), releasing a slightly higher amount of tax-free cash. And then it adjusted for the £1,000 incentive payment and the interest earned on the CMA, as well as the standard 15% notional deduction for income tax for pension compensation paid in cash. Mr H was invited to accept Fidelity's offer of just over £4,323 and withdraw his complaint with this service.

Mr H didn't think Fidelity's offer went far enough, as it didn't reinstate his S plan with the same number of units it originally had. He also wasn't sure he'd received all the compensation payments Fidelity said it had paid.

Fidelity clarified the compensation amounts and payment dates and made an increased offer in respect of the tax-free cash issue. But it was satisfied it had followed the loss calculation methodology set by the investigator in relation to the cancellation complaint. So if Mr H didn't accept, they'd wait for the ombudsman's findings.

I issued a provisional decision in July 2025 explaining why I was thinking of coming to a different outcome to the investigator in relation to the cancellation complaint, I also made findings on Mr H's other issues. I invited both parties to comment before the decision was finalised.

Mr H clarified he only wanted a decision in relation to the cancellation complaint, and didn't want me to consider the other matters such as the delay in with releasing the tax-free lump sum. So I've edited the background to reflect that, and I'll only summarise my provisional findings in relation to the cancellation of the transfer of Mr H's S plan to Fidelity. Mr H should be aware that this means we may not be able to look at his other complaint points in the future.

However, the compensation offered and paid by Fidelity in relation to the trouble and upset caused does cross over both issues, which is why I've not removed reference to the other matters completely from the background.

Provisional findings

I made the following findings (in summary for brevity).

Mr H's aim in switching funds from his pension plan with S to Fidelity was to benefit from an incentive payment Fidelity was offering for an investment of £50,000 or more. Mr H had to transfer the whole policy value as S wouldn't allow a partial transfer, so he instructed S to sell down and transfer the entire policy value to Fidelity. But Mr H didn't factor in that the unit price and thus the policy value could fluctuate. S had delayed sending the funds to Fidelity until 20 February but had calculated the policy value using the 6 February unit price, being the day after Mr H confirmed his instructions for a full transfer. S had offered to compensate Mr H for any loss of investment growth between the date the funds should've been received by Fidelity and when they actually were, and I didn't hold Fidelity responsible for the delay in the funds being received.

Mr H regretted the transfer when he realised the amount received by Fidelity was £800 less than expected, outweighing the £500 he was going to gain. So he wanted to forgo the incentive payment and transfer the funds back to S. There's no dispute Fidelity initially gave Mr H incorrect information by saying cancellation rights only applied to transfers into a new product, not to an existing SIPP. Fidelity subsequently clarified that Mr H could've cancelled the transfer so long as he gave instructions within 30 days of the 23 February 2024 letter, which he had. But I explained that to uphold this complaint, I'd have to be satisfied the incorrect information provided by Fidelity was the cause of Mr H's "loss", and I didn't think it was.

I thought Mr H may have misunderstood his cancellation rights. Cancelling wouldn't have meant simply reversing the transaction, reinstating his policy with S to the same number of units at the same price exactly as they had been before. It just meant the right to return the funds back to S, as set out on page 34 of the SIPP terms and conditions which says:

c) "If you cancel your Fidelity SIPP you may not get back the amount you invested. We will refund the money you paid us, less any adviser charge(s) we have already paid on your behalf..... and any amount by which the investment has fallen. For some investments this could be substantial".

And then once the cash had been received by S, it would be used to repurchase units in the same fund (if available) at the relevant price on that day. I thought even if the Lloyds TSB Managed Fund 2 isn't particularly volatile, the unit price to buy back into a fund would always be different from the selling price. I said because Mr H chose to remain in cash, he wasn't mitigating his own loss by being out of the market. Mr H said he kept his funds in the CMA because he always intended to transfer back to S. But in the 30-day cancellation window Mr H couldn't be sure transferring back would leave him better or worse off, as he'd have no way of knowing how many units and at what price he'd be able to purchase once the funds were returned to S.

Fidelity had made clear that if Mr H did wish to cancel it was his responsibility to contact S to check they'd accept the funds back, as set out in section (d) of the terms and conditions which explains *"If you cancel a transfer in, then you will need to*

contact the previous provider to check whether they will receive the transfer back. Otherwise you will need to transfer out to a different provider”.

I noted Mr H hadn't actually carried out his stated intention and returned the funds to S, even though he said they also offered a drawdown plan. Instead, he decided to crystallise his Fidelity SIPP to release tax-free cash, which meant S would no longer accept the funds back.

I explained it's not always possible to be sure what would've happened if nothing had gone wrong, that is if Fidelity had given Mr H the correct information about his cancellation rights from the outset. But often the best indication of what someone might do, is to look at what they actually have done. Even when Mr H knew S would have accepted his funds back, he still decided against transferring back, crystallising his Fidelity SIPP instead.

I took into consideration that Mr H wasn't willing to accept the investigator's proposal to resolve his complaint without knowing the outcome of the loss calculation. He thought Fidelity should perform the calculation and give him the figure, and then he'd decide. Whereas we don't require a firm to carry out the loss calculation unless the consumer has accepted the outcome. Similarly, exercising his cancellation rights and returning the funds to S would've involved uncertainty, as Mr H couldn't know in advance if he'd be better off. Cancellation wouldn't have resulted in Mr H's desired outcome being the reinstatement of his S plan exactly as it had been before. So if Mr H had complied with the requirement to check that S would accept the funds back and exercised his cancellation rights within the 30-day window, he'd have no way of knowing how many units he'd be able to purchase when the funds were received by S, and at what price.

Based on Mr H's reaction to the loss calculation, I thought he'd be reluctant to exercise his cancellation rights on those terms, particularly as this would also mean losing the incentive reward, which had increased from £500 to £1,000, a larger gain than the £800 he believed he'd lost. When considering his actual behaviour, I wasn't persuaded that if Fidelity had given Mr H accurate information about his cancellation rights from the outset, it's more likely than not he would've transferred back to S. So it wouldn't be fair or reasonable to expect Fidelity to pay compensation based on the better performance of the S plan, compared to the funds remaining in his SIPP cash account.

Even though he hadn't accepted it, I addressed Mr H's comments on the way Fidelity had carried out the loss calculation and the adjustments it made. And I explained that when pension redress is paid in cash rather than into a plan, it's fair to make a notional deduction to reflect that pension income is taxable.

In summary I said I appreciated Mr H has found the whole situation quite frustrating. But he'd rejected Fidelity's offer to settle the complaint which arose from the investigator's view. And based on his actions, I didn't uphold his complaint about the cancellation, so I wouldn't be asking Fidelity to pay redress based on the funds being returned to S within the 30-day window, and reinvested.

In terms of the amounts of compensation Fidelity had awarded for various aspects of Mr H's complaints, I said Fidelity should confirm which sums had been paid and when. Overall I thought the total of £850 Fidelity had offered was fair for the trouble and upset Mr H experienced. But as this amount covered a number of complaint points, I didn't separate out how much applied specifically to the cancellation issue.

I also set out the redress Fidelity should pay if it hadn't already done so, in relation to the tax-free cash complaint. But as Mr H doesn't wish that to be included in the final decision I haven't reflected it here.

Responses to the provisional decision

Both parties responded.

Fidelity set out the amounts and dates of the various compensation payments paid to Mr H from June 2024 onwards for his various complaints, including an additional £100 in July 2025, bringing the total to £950. It also confirmed the redress in relation to the delay in the tax-free cash withdrawal which is not part of this decision.

I granted Mr H an extension to the response deadline, and he responded at length, making the points set out below (in summary).

- He only wanted a decision for the transfer cancellation complaint, so references and findings relating to the other complaint points should be removed. He continued to communicate direct with Fidelity in respect of these.
- He didn't accept the provisional findings, which he said were inaccurate.
- He had the right to change his mind and had always intended to transfer the funds back to S, which it had confirmed it would accept, but he'd expected this to be arranged between the two companies.
- He disputed the amounts of compensation Fidelity said it had paid in relation to his various complaint points and thought some were still outstanding.
- He disagreed that Fidelity's offer of redress made on 17 June 2024 arose from the investigator's findings, or that it had been made on the basis he would withdraw his complaint. He thought it had been "*on the table*" as the starting point for ongoing discussions which the ombudsman had "*scuppered*".
- He believed he's being penalised because he made a complaint about this service.
- He requested to see all the documents on the file by making a Subject Access Request
- He said the terms and conditions Fidelity had relied on in relation to the cancellation only apply to transfers into a new SIPP account, not into an existing plan.
- His SIPP has an uncrystallised element so can accept contributions (so compensation could be paid in to the plan)
- He didn't think a notional deduction for tax should apply to any redress
- He also made a complaint about the customer service we've provided which is being dealt with separately.

So I'm now in a position to finalise the 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.

Having done so I see no reason to depart from my provisional findings. Which were that Fidelity did something wrong in the way it handled Mr H's cancellation request, but I didn't think this led to his financial loss.

When Mr H first said he wanted to cancel the transfer, Fidelity incorrectly told him the cancellation rights set out in the 23 February 2024 letter only applied to transfers into a new

product. By the time they conceded he did have the right to change his mind, the 30 days had passed, so transferring the funds back to S would be dealt with as a new instruction rather than a cancellation. And Mr H ultimately decided against transferring back to S.

Mr H has disputed Fidelity's reliance on clause (d) of the terms and conditions (which required him to contact S to check it would accept the funds back) as he says it applies to transfers into a newly established Fidelity plan rather than transfers into an existing one. I agree that probably is the general intention of that clause. But in the absence of any other term which covers that specific event, I think it was reasonable of Fidelity to rely on it. And it makes sense for the consumer to check the ceding scheme would accept their funds back before irrevocably instructing the cancellation, as if they won't it would mean finding a new provider.

I remain of the view that if transferring back to S had been Mr H's priority then he would've done that once it was established he could. I've explained that cancellation didn't mean the transaction would be reversed as if it had never happened, so he may not have been able to repurchase the same number of units his plan had before. Had the funds been returned to S they would've been used to repurchase units at the price prevailing on the day (likely 19 March 2024), not the price they were sold at on 5 February 2024. In any event, Mr H didn't transfer the funds back to S and instead decided to crystallise some of his Fidelity SIPP to release tax-free cash, meaning returning the funds is now not possible as S won't accept crystallised funds.

As I explained in my provisional findings, I'm not persuaded that if Mr H had been given the right information from the outset, and been told what cancellation would entail, it's more likely than not he would've transferred back to S on that basis. I think Mr H has demonstrated he likes certainty in his decision making, which is why he wasn't prepared to accept the investigator's view prior to the loss calculation being carried out. Once Mr H understood his S plan wouldn't simply be reinstated, I don't think he'd have been comfortable sending the cash back to S without knowing how many units he'd be in a position to purchase, and at what price. Mr H's motivation for the cancellation was discovering the £800 reduction in the value of his plan outweighed the £500 incentive payment. So I think he'd be reluctant to instruct the transfer back to S without knowing whether doing so would reduce or compound his £800 "loss", as it would involve giving up the incentive payment which was now £1,000 following the transfer of his other plan to Fidelity.

The investigator had upheld Mr H's complaint in January 2025 because Fidelity had given him incorrect information about his cancellation rights. To put things right he said they should carry out a loss calculation comparing the notional value of his plan with S had the funds been transferred back and reinvested, with the actual value of the funds in his Fidelity SIPP. Fidelity didn't think compensation was payable, as Mr H hadn't transferred back to S when he had the opportunity. And Mr H hadn't accepted the investigator's findings either, because he wanted the loss calculation to be carried out before he'd decide whether to accept. As the complaint couldn't be resolved informally it would be decided by an ombudsman. An ombudsman is completely impartial, and reviews the evidence provided by both parties with fresh eyes, they aren't bound by the investigator's findings.

But while my initial review was underway, Fidelity had received the necessary information from S to perform the loss calculation as set out by the investigator. And in June 2025 they wrote to Mr H with an offer of compensation, based on the investigator's methodology as if the funds had been sent back to S and reinvested on 19 March 2024. But it also factored in the incentive payment, the interest earned on the CMA and a notional deduction for tax, plus the withdrawal of tax-free cash. This resulted in a cash offer of just over £4,323, and also

confirmed the various compensation payments for the distress and inconvenience it had already paid.

Under “*next steps*” Fidelity’s letter gave Mr H the option of awaiting the ombudsman’s decision, in which case Fidelity would recalculate the compensation if directed to do so. Or if Mr H wanted to accept the offer, the letter went on “*should you wish to withdraw your complaint and accept the figures as they stand, we are prepared to issue the payment to your bank account promptly*”. I think this makes clear the offer was made on the basis that to accept it, Mr H would need to withdraw his complaint with this service. Or he could wait for the ombudsman’s decision, which is what he chose to do. So I don’t agree with Mr H that the offer was the subject of ongoing discussions which have now been “*scuppered*”, or that he could accept it and still continue his complaint with this service.

I appreciate Mr H is unhappy with the outcome of his complaint, and maintains it was his settled decision to transfer his funds back to S, had Fidelity not prevented him doing so. But because he didn’t actually transfer back to S when he could, and chose to crystallise some of his Fidelity SIPP to release tax-free cash, when he was aware S also offers a drawdown plan, I can’t fairly say Fidelity should pay compensation on that basis.

I didn’t uphold Mr H’s complaint about the cancellation, but I had originally upheld and said Fidelity should pay redress in relation to another of his complaint points. But as Mr H doesn’t want that point to be included in the decision, I’ve not reflected it here.

I had also asked Fidelity to clarify whether it had actually paid the various amounts of compensation totalling £850 which had been offered for the various issues Mr H raised. In response to the provisional decision Fidelity confirmed it had made five payments to Mr H totalling £850, part to his CMA and part to his bank (plus the sum in relation to the other complaint point). And in July 2025 had arranged for a further £100 to be paid to Mr H, bringing the total compensation to £950. This total doesn’t just relate to the cancellation complaint, but I think it’s sufficient so I’m not going to ask Fidelity to do more.

My final decision

I don’t uphold this complaint on the basis Financial Administration Services Limited has already done enough to put things right.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr H to accept or reject my decision before 19 September 2025.

Sarah Milne
Ombudsman