

The complaint

Mr M complains that AJ Bell Management Limited trading as AJ Bell Investcentre (AJ Bell) failed to advise him that rental payments that should have been made to his self-invested personal pension (SIPP) on properties held in the SIPP had been missed and significant arrears had built up. He would like to be reimbursed for the rent arrears and to be compensated for the distress and inconvenience caused.

What happened

Mr M set up a SIPP with AJ Bell in 2019 which held two commercial properties as its main assets. Mr M's intention was for the rental income from the properties to be reinvested into the SIPP and increase his overall retirement provision. The first property was leased to a company of which Mr M was the sole director and he ensured the rental payments were made directly from the company to the SIPP. But the other property was leased to a letting agent who paid the rental income to Mr M who then paid it to the SIPP.

The initial leases expired for the properties in 2023 and 2024 respectively for different reasons. While he was negotiating with new tenants Mr M says he asked AJ Bell about the rental income and was told that the previous arrangement was no longer valid and rental payments needed to be made directly to the SIPP by the tenants.

Mr M said he had cause to contact AJ Bell in February 2025 and at that point discovered no rent had been received from one of the properties since the start of the renewal of the lease. And he learnt that AJ Bell didn't routinely notify account holders of any rental arrears.

So Mr M complained. He said previously the rental income for the properties was paid directly to him, but when he renewed the leases for both properties (for new tenants) he was told rental payments could no longer be paid to him and would be paid to AJ Bell instead – and that he would be notified of any payment issues. But he said he subsequently found out this wasn't the case and thought that if AJ Bell had communicated the correct position to him more clearly this would have resulted in a better outcome for him as he could have avoided or at least mitigated any rental income arrears himself. He believed AJ Bell should reimburse his losses and pay additional compensation for the distress and inconvenience caused.

AJ Bell said:

- In a document that was signed when the leases were first agreed it was stated that Mr M was responsible for ensuring the rent was paid.
- This position was confirmed when the leases were renewed in communication with Mr M's solicitor. At this time it was also confirmed that AJ Bell didn't have a system in place that flagged rent arrears.
- From September 2024, when the lease was being renewed on one of the properties, until February 2025, there were numerous contacts between AJ Bell and Mr M during which the issue of the rent being paid wasn't raised.

- When this position was discovered following the February 2025 communication it confirmed that it was the property manager's responsibility to ensure rents were paid and it didn't monitor rental payments.
- It didn't provide property management services as part of its role and Mr M had been nominated as the property manager – so it was his responsibility to ensure rental income was collected and paid.
- It had been unable to locate the telephone call during which Mr M said he'd been informed that it was responsible for the collection of rent and notification of any missed payments.
- Mr M's SIPP allowed him online access through its portal. This allowed him to view statements and satisfy himself that the rental income had been paid.

So Mr M brought his complaint to us requesting:

- Reimbursement of the lost rental income and the associated lost investment growth.
- Compensation for the distress and inconvenience caused which affected his retirement planning.
- An investigation into whether AJ Bell's communication and rental collection process was systemically flawed.

One of our investigators looked into the complaint but didn't think it should be upheld. He made the following points in support of his assessment:

- He understood Mr M's concern at learning of the significant value of missed rental income.
- It wasn't possible to confirm what Mr M may have been told about being notified of a missed rental payment. But even if he were to fully accept what Mr M said he was told, this wouldn't significantly have impacted Mr M because there were a variety of documents that had been provided to Mr M which did set out the correct position.
- Correspondence from 2019 when the leases were first set up stated that the "property manager" – in this case Mr M, was responsible for ensuring the rent would be paid. It was also confirmed that AJ Bell would accept "*no liability for any losses resulting from any delay in payment.*"
- In 2023 when one of the leases was renewed, communication between AJ Bell and Mr M's solicitor confirmed there wasn't a system in place to highlight "non-payments", but AJ Bell could provide regular statements to Mr M if requested. So he was satisfied there was sufficient evidence to demonstrate AJ Bell had made Mr M aware of his responsibilities and that further information could be supplied if requested which would have highlighted missed payments earlier in the process.

Mr M wasn't satisfied with the outcome. He said:

- The system for collecting and paying the rental income for the first five years functioned without issue. When the leases were renewed he was told the previous method was no longer viable and the income needed to be paid to the SIPP directly.
- He now understood that to be incorrect and he could in fact have carried on collecting the rent himself and forwarded it to AJ Bell – thereby highlighting the missed payments straight away.
- Despite his request, AJ Bell had not been able to provide the call recordings during which he said he was informed that it would notify him of any rent arrears. He was concerned about this omission in light of the financial loss he had incurred.

The investigator asked Mr M to provide evidence that AJ Bell had changed its method of receiving rental payments to the SIPP, but Mr M said this information had been provided to him by telephone and therefore because the calls couldn't be found he was unable to evidence this further. The investigator then confirmed his previous view that the complaint shouldn't be upheld, explaining that he didn't think any change to the process of paying the rent caused it not to be paid. He also reiterated that although he didn't dispute Mr M's recollection of what he was told by telephone he thought AJ Bell had provided sufficient written evidence to confirm it didn't have any systems in place to report missing payments to Mr M.

So as no resolution could be found the complaint was referred to an ombudsman and has been passed to me to review.

I understand one of the new tenants has now agreed to a payment plan to repay the arrears, while the other has repaid any rent arrears. And that AJ Bell will issue monthly statements to Mr M going forward.

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.

And having done so I've reached the same conclusion as the investigator, which I know will disappoint Mr M – so I'll set out my reasons below.

Who was responsible for ensuring the rent was paid into the SIPP?

When the properties were first held in Mr M's SIPP in 2019, AJ Bell issued a "resolution" setting out both the property manager – who was identified as Mr M – and AJ Bell's responsibilities. It said, regarding the rent, that "*the property manager will be responsible at all times for the following:*

- *Preparing and submitting rental invoices for submission to tenants.*
- *Ensuring rent is paid within the terms of the lease or tenancy agreement.*
- *Forwarding copy rental invoices and rental payments to (the SIPP trustees) for banking.*

It also set out its own responsibilities which, specifically around the rent, were "*banking rental payments.*"

This was also confirmed in an email sent to Mr M when the property purchases had completed in December 2019. In confirming the SIPP bank details it stated that, "*the nominated property manager will be responsible for ensuring the rent is paid as per the Lease and for sending us copies of the rental invoice issued to the tenant. I enclose a copy of the signed Property Manager Resolution which lists all of the property managers responsibilities.*

Please note that (the trustees) will not be responsible for any of the duties listed as being the responsibility of the property manager, including ensuring and/or checking that rent is being paid correctly by the tenant.

Please note that rent must be paid directly by the tenant to the above account details; the property manager should not collect or hold rent from the tenant."

So I think this was clear, and it set out in writing to Mr M that, the reconciliation of rental income and ensuring it was paid into the SIPP – as required by the terms of the lease – was his responsibility. It was also clear that the rent must be paid directly by the tenant of the properties.

In 2023, when the lease of the first properties was renewed under a different tenancy, the question of the rental income was raised again by Mr M's solicitor. In an email exchange in September 2023 Mr M's solicitor asked, "*in terms of the rent payments, I understood from discussions with (Mr M) that rent would be payable directly to him from the tenant. If that's not the case, can you please let me know and I will firm up on that with (Mr M) this morning.*"

AJ Bell replied, "*I can confirm rent is to be paid directly to the SIPP from the tenant.*" The solicitor said "*(Mr M) is fine with the rent being paid into the SIPP account. Just to check, is there a system in place which flags non-payment by the tenant (in the event of non-payment of course) that (Mr M) would be alerted to?*"

I'll cover the issue of whether AJ Bell was responsible for making Mr M aware of any non-payment of rent in the section below, but this exchange between Mr M's solicitor, who was acting on Mr M's behalf and ought to have therefore been relaying this information back to him, was clear that the method of collecting and paying the rent was exactly the same as it had been back in 2019.

This situation was further supported in the renewal of the lease for the second property in 2024, which in relation to the rental income stipulated that, "*the Rent and all other sums payable under this Lease must be paid by the Tenant by electronic transfer from a United Kingdom bank account to the United Kingdom bank account notified by the Landlord to the Tenant from time to time.*" And this was confirmed by Mr M in an email to AJ Bell on 25 October 2024 when he said, "*can you give me bank account details that payment for rent is to be paid into. It goes straight to the SIPP account yes?*" This was provided and the tenant's bank details were confirmed back to AJ Bell at its request.

So AJ Bell's policy for how the rent should be paid and who was responsible for doing so was clear and consistent throughout this whole time. But Mr M has told us that it was he who collected the rent and paid AJ Bell for the period up to the lease renewals and it was a process that worked effectively. He says he was told about a change in policy in 2023/2024 and indeed believes he was subsequently told the policy change was incorrect and he could now still collect the rent himself and make the payments – which would have enabled him to discover the unpaid rental income much earlier in the process.

I asked AJ Bell for its comments on the first point above because it would seem inconsistent for Mr M to be able to make payments himself when considered against AJ Bell's written instructions. It said that it had been able to satisfactorily reconcile the amounts paid and the reference numbers used to make those payments between 2019 and 2023/2024. So it had no reason to think the rental income wasn't being paid in accordance with its terms. This would support the idea that AJ Bell always operated the same policy that the rental income should be paid directly from the tenant into the SIPP bank account.

I haven't seen any evidence in any of the documentation I've been provided with to suggest AJ Bell either changed its rental income collection policy or deviated from its original stipulation of the tenant paying the rent directly themselves. But Mr M says he was told in a telephone conversation around the time of the lease renewal that AJ Bell had changed its policy because the original process was no longer viable. AJ Bell has been unable to locate any telephone calls between itself and Mr M for the period during which Mr M says this misinformation occurred. It has provided a screenshot to confirm no calls took place between

it and either of the numbers that Mr M said he may have used. It's unfortunate these calls can't be located but I also have no reason to dispute Mr M's version of events here.

But even if I accept Mr M's version of events in full I've given more weight to the clarity and definitive nature of the content of the various leases and accompanying documents – alongside the email communications with Mr M and his solicitor – which set out AJ Bell's terms and conditions for the method of paying the rental income and ensuring invoices were provided. So I can't reasonably say AJ Bell hasn't provided sufficient information to make Mr M aware of its process and so, on balance, I'm not able to uphold this aspect of Mr M's complaint.

Was AJ Bell responsible for making Mr M aware of any unpaid rent?

Mr M has also told us that, during the same telephone conversation I've referenced above, AJ Bell informed him that he would be notified of any unpaid rent or arrears that were due. He says that if AJ Bell had done as it said it would he could have picked up any problem earlier and ensured the arrears were paid – or he could have taken appropriate action against the tenants before the outstanding amount became so significant. He says he's now left hoping that a payment plan that's been put in place will be honoured so that he can reclaim the amount owing to his SIPP.

As I've stated above it isn't possible to review this conversation that Mr M says took place or to understand what might have been said. Although it follows that I don't dispute what Mr M has told us. But there are good reasons to be satisfied that AJ Bell had a consistent policy on this matter and made Mr M aware of this. In addition I've seen that it also provided Mr M with alternative ways of being able to monitor the situation himself.

Within the emails that were exchanged between Mr M's solicitor and AJ Bell about the collection of rent in September 2023 the solicitor also asked, *“just to check, is there a system in place which flags non-payment by the tenant (in the event of non-payment of course) that (Mr M) would be alerted to?”*. AJ Bell said, *“there isn't a system that flags non-payments, however regular statements (monthly, quarterly, etc) can be sent to (Mr M) upon request or automatically in order for him to be able to check what rent has been received.”*

So again I think this was clear that AJ Bell wouldn't be monitoring the payments nor did it have the system facility to “flag up” any missed payments. But it was also clear that Mr M had the option of further support to enable him to obtain this information himself. I would have expected AJ Bell to set out any additional support it could provide and I think it did that. It offered to provide Mr M with regular or ad-hoc statements - at his request, to check if rent had been received, and it also allowed Mr M online access to his account which would have provided him with the same information. I understand these offers were not taken up by Mr M or his solicitor, but I'm satisfied they were made aware of them.

As with the conclusion I reached about the complaint point above, this is a question of the written evidence I've seen from AJ Bell setting out its responsibilities against Mr M's evidence of what he said he was told on the telephone – which contradicts what AJ Bell had previously said and set out.

I don't dispute what Mr M has said but, as I've already stated, even if I accept everything he's told us I think AJ Bell has provided sufficient written evidence of what it told Mr M and his solicitor for me to be satisfied that it had clearly made Mr M and his solicitor aware of both parties responsibilities around collection and payment of the rental income. And even if Mr M thought he'd been told that AJ Bell would notify him of any unpaid rent, it wouldn't have been unreasonable to expect him to ask AJ Bell to issue regular statements as extra security and protection for him to pick up on any missing payments at the earliest opportunity.

I've seen nothing in all the documentation I've been provided with to suggest that AJ Bell provided conflicting information about which party was responsible for the various tasks involved here. And while I don't doubt what Mr M said about what he was subsequently told on the telephone, I'm sufficiently persuaded that AJ Bell has, in various documents and communications, set out clear lines of responsibility. So I can't reasonably say it's done anything wrong or has acted contrary to how it said it would to make it responsible and liable for the rental income not being received.

Mr M did ask us to carry out an investigation into AJ Bell's communication and rental collection process and whether it was "*systemically flawed*." But our role is to consider any complaint that an eligible individual may have against a business and to decide if that business has acted unfairly and caused any financial loss – which is what I've done here. It isn't within our remit to expand that role to consider how other individuals may be affected or conduct an investigation into how a business carries out its everyday practices in general. I imagine Mr M will be disappointed with the outcome of his complaint – and I have some sympathy for the position he now finds himself in – but my decision has been focused solely on what happened between Mr M and AJ Bell in respect of the non-collection of rental income into *his* SIPP account.

My final decision

For the reasons that I've given I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 January 2026.

Keith Lawrence
Ombudsman