

The complaint

Mr J complains, with the help of a representative, about the fees he is being charged by Alltrust Services Limited trading as Alltrust ('Alltrust') for his Self-Invested Personal Pension ('SIPP') and the asset held within it. The asset is illiquid, and Mr J says that following a successful claim to the Financial Services Compensation Scheme ('FSCS'), the FSCS has taken full ownership of it. However, Mr J is stuck paying fees for the asset and as a result is unable to transfer his remaining funds from his SIPP.

Mr J considers that Alltrust should refund all fees taken from his SIPP since he received the FSCS compensation and facilitate the transfer of the remaining funds.

What happened

Alltrust isn't Mr J's original SIPP provider, it took over administration of the SIPP in 2023 after the previous provider, that I'll refer to as Business R, went into administration. So, Mr J had a SIPP which held an unregulated illiquid investment, that I'll refer to as Store First, prior to Alltrust's involvement.

The financial advisory business that was involved in the original sale of the SIPP and Store First investment also went into administration. Mr J has made a successful claim to the FSCS about this business and received compensation. However, Mr J is now in the position that he continues to hold the Store First asset in his SIPP, is incurring fees in connection with this, and can't close the SIPP or transfer out the remaining cash held within it.

Background to the complaint

Unhappy with the situation and his ongoing incurrance of fees, Mr J complained to Alltrust. It issued a final response letter on 6 February 2025. Alltrust didn't uphold Mr J's complaint, it explained that, when it acquired the book of business (from Mr J's previous pension provider) including Mr J's SIPP, it hadn't acquired any liability for activities that took place prior to the acquisition. It also highlighted that Mr J may be able to make a claim about the original provider and directed him to the FSCS's page relating to that particular business.

Alltrust went on to explain that the Store First asset still exists and is deemed to be a viable asset, so it can't simply be removed from the SIPP – and, whilst the SIPP remains open, Alltrust has to continue to perform its duties in line with the applicable requirements, so the ongoing administration fees remain payable. Alltrust also explained that it understood Mr J's predicament and was actively looking into what options may be available to bring the matter to a close but, that it couldn't provide any timeframe for this, as it was reliant on dealing with third parties.

Unhappy with its response, Mr J referred his complaint to our service.

One of our investigators reviewed Mr J's complaint and concluded that it should not be upheld. Whilst they sympathised with Mr J's position, they didn't think that Alltrust was responsible for what had gone wrong. They also thought that Alltrust was taking reasonable

steps to try and resolve the situation and, under the circumstances, that it was fair and reasonable for it to charge for its ongoing operation of the SIPP.

Mr J disagreed with the investigator's findings and made additional submissions. He said:

"We do not agree with the conclusion as the basis of compensation is to put the complainant in the position he or she would have been in if they had not been badly advised. The FSCS clearly did not anticipate the SIPP provider would refuse to release his remaining pension fund or the compensation would have been higher to reflect this. The fundamental issue is that the FSCS is the defacto owner of the asset and they should therefore be charged the fees and benefit from any future sale."

Alltrust also made further submissions, in summary, it said:

- It appreciates Mr J's frustration regarding the continued holding of the Store First investment and as previously noted, it is working to resolve this.
- It is in regular contact with the Financial Conduct Authority ('FCA') and the FSCS in relation to the steps being taken to try and resolve this issue.
- Alltrust isn't responsible for the original advice nor any apparent shortfall in FSCS compensation. Mr J should take up any complaint about that with the FSCS.
- It will provide Mr J with an update on the position as soon as is possible but, in the meantime, it isn't in a position to facilitate a transfer of the cash held and close his SIPP.

Because agreement couldn't be reached, this complaint has been passed to me for 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've reached the same conclusion as the investigator and for broadly the same reasons.

The parties to this complaint have provided detailed submissions to support their respective positions. I'm grateful to them for taking the time to do so. I've considered these submissions in their entirety. However, I trust that they will not take the fact that my decision focuses on what I consider to be the central issues as a discourtesy. The purpose of this decision is not to address every point raised in detail, but to set out my findings, on what I consider to be the *main points*, and reasons for reaching them.

It's my role to fairly and reasonably decide if the respondent business (in this case Alltrust) has done anything wrong in respect of the individual circumstances of the complaint made and – if I find that the business has done something wrong – award appropriate redress for any material loss or distress and inconvenience suffered by the complainant as a result of this.

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*. Ultimately, I'm required to make a decision that I consider to be fair and reasonable in all the circumstances of the case.

When considering what's fair and reasonable in this complaint I consider the FCA Principles for Businesses to be of relevance.

The Principles for Businesses ('PRIN') which are set out in the FCA's Handbook are a *"general statement of the fundamental obligations of firms and the other persons to whom they apply under the regulatory system."* (PRIN 1.1.2G). In addition, in *British Bankers' Association, R (on the application of) v The Financial Services Authority & Anor* [2011] EWHC 999 (Admin) (20 April 2011) Ouseley J said:

"Indeed, it is my view that it would be a breach of statutory duty for the Ombudsman to reach a view on a case without taking the Principles into account in deciding what would be fair and reasonable and what redress to afford. Even if no Principles had been produced by the FSA, the FOS would find it hard to fulfil its particular statutory duty without having regard to the sort of high level principles which find expression in the Principles, whoever formulated them. They are the essence of what is fair and reasonable, subject to the argument about their relationship to specific rules" (para 77).

And

"...The Principles are best understood as the ever present substrata to which the specific rules are added. The Principles always have to be complied with. The specific rules do not supplant them and cannot be used to contradict them. They are but specific applications of them to the particular requirements they cover. The general notion that the specific rules can exhaust the application of the Principles is inappropriate. It cannot be an error of law for the Principles to augment specific rules" (para 162).

I consider Principle 6 to be most relevant here:

Customer's interests – A firm must pay due regard to the interests of its customers and treat them fairly

In September 2009 the FSA published a thematic review report on SIPP's which stated:

"We are very clear the 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 customer and treat them fairly') insofar as they are obliged to ensure the fair treatment of their customer. COBS 3.2.3(2) states that a member of a pension scheme is a 'client' for COBS purposes, and 'Customer' in terms of Principle 6 includes clients..."

The context in which these comments were made was in relation to the quality of the business that a SIPP operator accepts. I understand that in this complaint Alltrust isn't responsible for the acceptance of Mr J's business, but it's clear from the regulator's comments that SIPP operators were obliged to ensure fair treatment of their customers.

I've carefully considered Alltrust's obligation to treat its customers (and specifically Mr J) fairly when deciding what is fair and reasonable in the circumstances of this complaint. In this case, Alltrust acknowledges these responsibilities, and it says that it is taking all available steps to act in its members' best interests and prevent foreseeable harm to its members (in this case Mr J).

Alltrust isn't the business that was responsible for advising Mr J in relation to his SIPP and investment in the first place. And, by acquiring the business book of Business R, it didn't accept any liability for any acts by Business R or the advisors who initially advised Mr J.

Alltrust acquired Business R's book in 2023, it has told us that since then it has been seeking to sell or otherwise remove all assets which it considers present a risk to its clients. It is not possible to close a SIPP whilst it holds assets – and, whilst it would in theory be possible to transfer a non-standard asset to another pension provider, it is Alltrust's understanding that another regulated pension provider would be unlikely to accept an asset like Store First. I can confirm that this is also our understanding of the position.

The steps being undertaken by Alltrust to resolve the situation with Store First

Mr J is understandably unhappy with the position he is in, having a SIPP holding an illiquid asset that doesn't benefit him and not being able to:

- Close the SIPP;
- Stop incurring fees in relation to the ongoing administration of the SIPP; or
- Transfer out the cash holding he has remaining in the SIPP, as it is being held back to cover the fees.

Because of the favourable tax treatment of pensions and investments/assets held therein, there are strict rules around the disposal and/or removal of investments/assets from a pension – and, if a business' or individual's actions are found to be in breach of those rules there are significant consequences for example HM Revenue & Customs ('HMRC') sanctions may apply and the individual may face an unauthorised payment charge.

Generally speaking, in-specie transfers aside, assets need to be sold on arm's length terms or given a nil value and surrendered. There has to be a reasonable basis on which to do the latter. When it comes to Store First, there are a number of circumstances that present a challenge to going down either of these routes:

- The asset is technically active and, albeit nominal, is generating an income.
- Obtaining a valuation would likely be very difficult and come at significant cost to investors.
- In Mr J's case, the FSCS has paid compensation and has the right to claim assignment over the asset.
- A number of individuals had charges filed against them in connection with their involvement in Store First earlier this year.

Alltrust has explained that it is engaging with relevant stakeholders with a view to try and bring about a resolution to the situation in the interests of its members and without breaching any rules. As I understand it, Alltrust intends to – once it has engaged with the relevant stakeholders on its proposals – communicate any potential next steps and any challenges these present to impacted members, like Mr J.

Overall, in the unusual circumstances of Mr J's case, I'm satisfied that Alltrust is undertaking fair and reasonable steps to try and bring this unfortunate situation to a close, whilst being cautious to avoid any unintended consequences.

Are the fees deducted fair and reasonable under the circumstances?

The only fee currently being deducted from Mr J's SIPP is an annual administration fee of £650 plus VAT (£780). This fee is the same as that applied to Alltrust Full SIPP members.

The annual fees that applied to Mr J's SIPP prior to Alltrust taking over its administration were, as I understand it, higher but Alltrust reduced these, so that they were in line with those incurred by its other members.

I understand Mr J's frustration at being charged ongoing fees when the only asset being held in his SIPP (aside from a cash sum) is an illiquid asset with little to no value – and, importantly, whilst not being able to close or transfer the SIPP.

Despite the circumstances, there is still administrative work that Alltrust is required to carry out in relation to Mr J's SIPP and, due to the particular issues with Mr J's investment, that work is quite significant. Mr J has said, amongst other things, that:

- He is being left out of pocket due to incurring ongoing fees, as future fees were not accounted for in the compensation that he received.
- Under the terms of the compensation that he received from the FSCS (because the investment was given a £nil value for the purposes of the calculation), the rights to the investment/any gain received from it were assigned to the FSCS. So, he should not be the one paying the fees.

I've carefully considered these issues, but this complaint is against Alltrust and I'm not persuaded that either of these issues arise from a failing on its part.

I understand that this will likely come as a significant disappointment to Mr J, it is clear from his complaint submissions that he feels strongly about the issues he has raised. However, having considered each element of Mr J's complaint, I don't think that any part of his complaint should be upheld. This is not a reflection of the seriousness of the issues Mr J complains about or the impact of the situation surrounding his pension – but, rather, that I'm not persuaded that what's gone wrong here is because of a failing on Alltrust's part.

My final decision

My final decision is that I don't uphold Mr J's complaint about Alltrust Services Limited trading as Alltrust and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 9 January 2026.

Nicola Curnow
Ombudsman