

The complaint

Mr W complains that Financial Administration Services Limited (“Fidelity”) failed to identify his status as a US person. He says because it didn’t, he’s now unable to access the funds in his account, and faces costs to renounce his US citizenship and a potential US tax liability.

What happened

Mr W opened an ISA in 2018 through a company I’ll call C. The ISA was ultimately held through Fidelity, and in order to open his ISA Mr W needed to agree to Fidelity’s “Funds Network” terms, and became a client of Fidelity.

In early 2025, Fidelity carried out a review of its clients and identified that Mr W had stated on his application in 2018 that he was born in the USA. It told him that this meant there was a chance Mr W could be a US person – and Fidelity had made a business decision not to provide services to US persons, which was set out in its terms.

It explained that in order to continue using its services Mr W needed to provide evidence that he wasn’t a US person (for example an official document showing his citizenship had been revoked). It said it was placing a block on any transactions on Mr W’s account until it received such evidence, or in the alternative until Mr W provided a US Tax Identification Number (“TIN”) or his Social Security Number.

Mr W said he wasn’t able to provide any of those documents or numbers, and complained. He said he was unaware he had any ties to the US – while he’d been born there his family had moved back to the UK when he was an infant and he’d never had any other involvement with the US or received any kind of citizenship documentation.

Mr W said Fidelity ought to have known about his potential US status when he opened his ISA – and if it had done, he wouldn’t now be in a position where his assets were frozen and he was faced with paying thousands of dollars to renounce a citizenship he’d only recently become aware of.

One of our investigators looked into the matter. She initially thought Fidelity had made an error, before changing her mind. She said she thought the block Fidelity had put in place was reasonable until the facts of Mr W’s status in relation to the US could be definitively resolved, and thought the types of proof Fidelity had asked for were reasonable. She also thought it was fair that Fidelity hadn’t initially questioned Mr W’s status, and that it had only come to light following a change to its processes and a subsequent review of its client base.

Fidelity acknowledged the investigator’s assessment and confirmed that what would happen to Mr W’s account would depend on the type of documents he could provide. It also confirmed that while it reserved the right to close Mr W’s account and sell his investments, it wouldn’t take any action until after our service had decided Mr W’s complaint.

Mr W wasn’t happy with the outcome, and asked for an ombudsman’s decision. In summary, he said:

- Fidelity should have done more to check Mr W's citizenship position in 2018, given he'd stated on the application he was born in the US.
- It should have provided clear warnings that its services weren't suitable for people born in the US, and provided clearer explanations that US persons included UK citizens that happened to be born in the US.
- Mr W knew of other UK citizens who were also US citizens, who held ISAs with other providers and hadn't had to provide a TIN or renounce their US citizenship. He said this suggested there was inconsistency about who was actually eligible to hold a UK ISA and the consequences of dual UK/US citizenship.
- Mr W referred to another decision issued by our service, where we'd said Fidelity ought to have known another client was a US citizen. In that case we told Fidelity to allow the client to transfer to another provider for free, and pay compensation.

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 don't think Fidelity needs to do anything more. I'll explain why.

There are two slightly separate aspects to this complaint. The focus has in the main turned to Fidelity's initial acceptance of Mr W as a client in 2018, which I will address below. But for completeness I will first comment on the actions Fidelity has taken since its review in early 2025.

Fidelity is entitled to take the commercial decision not to offer accounts to US persons. It has explained this is at least in part due to its ultimate ownership by a US entity and various regulatory and tax rules it is obliged to follow in the US.

I'm satisfied that whether or not Mr W is a US person is relevant to Fidelity. In terms of its obligations to withhold tax and also in terms of what investments it could allow Mr W to invest in under its US regulatory requirements. I don't think it's unreasonable for Fidelity to freeze Mr W's account until it can satisfy itself of his status, and I think the evidence it has asked for – which is ultimately simply formal documentation from a US authority – isn't unduly onerous and is reasonable for it to ask for.

I'm pleased to see that Fidelity has confirmed it won't take any further proactive steps in relation to Mr W's account until this complaint is resolved. If Mr W is unhappy with anything Fidelity does in future he's free to raise a complaint about it separately.

I'll now turn to what I think is the crux of this complaint, which was Fidelity's acceptance of Mr W's application in 2018. Mr W argues that Fidelity ought to have done more at the time to establish his US status. And he also says it should have warned him more clearly about the specific implications of being born in the US. While I know it will come as a disappointment to Mr W, I don't agree.

Fidelity has obligations under the FCA's Principles for Businesses to carry out its affairs with due skill, care and diligence. And it needs to communicate in a way that is clear, fair and not misleading. I've borne this in mind when considering the events of this complaint.

When Mr W applied for his ISA, there were effectively three pieces of information Fidelity had which would hint at Mr W's citizenship position.

He was asked for his place of birth, which he gave as the US. He was also asked for his nationality, which he gave as British, and for any other nationality he also held, which he left blank.

Mr W also had to confirm he'd read and agreed to Fidelity's Funds Network terms. I've seen a copy of the terms from 2018, which say at section 1.4 (d):

"The products and services are not being offered to US persons and some Investments have restrictions that prohibit US persons from having holdings in them. Although this isn't an exhaustive description, a US person is:

- *Any citizen of the United States of America (US)"*

Fidelity has said its understanding is that the starting position is usually that anyone born in the US is automatically a US citizen (which I also understand to be the case). I appreciate Mr W says he wasn't aware of this. But I'm not persuaded the terms are unclear, or that there is any obligation on Fidelity to make it more explicit than it is. I'm satisfied the terms explain these services aren't for US citizens, and that any prospective client would be expected to understand their own individual citizenship status with regard to the US.

I also don't consider that Fidelity failing to follow up on Mr W's declaration he was born in the US is, of itself, a reason to uphold this complaint or a failure on Fidelity's part to act with due skill, care and diligence.

While birth in the US would be expected to result in citizenship, it is of course possible that Mr W could subsequently have renounced that citizenship. And in asking clients to provide details of any joint nationalities they hold, as well as agreeing to terms which declare the services aren't intended for US persons, I don't think it was unfair or unreasonable for Fidelity to have relied on the collective information Mr W provided when he opened his ISA and to have concluded that he wasn't a US person.

I appreciate that this could seem to conflict with Fidelity's change of approach in 2025 – and the fact this situation arose precisely because Fidelity started to probe further about the citizenship status of clients who'd declared they were born in the US. But I don't think later, more cautious policies, mean that any earlier policies or processes were deficient or unreasonably lax. For the reasons I've given above I don't think Fidelity ought to have questioned Mr W's eligibility for his account in 2018 based solely on his place of birth, when that declaration is considered alongside the other information Mr W gave on his application and by accepting the terms.

I can confirm to Mr W that I've read the previous decision he referred to, but I find that the factual matrix here is different, where as above I've not found in these particular circumstances that Fidelity ought reasonably to have realised Mr W was, or may have been, a US person earlier than it did.

I have a great deal of sympathy for Mr W. I don't doubt that he was unaware that his birthplace may have implications for his ability to invest in the UK and any tax exposure he may have in a place he left at the age of one. I accept that renouncing that citizenship may not be a quick, easy or cheap process. But to uphold this complaint I'd have to be satisfied that the situation he finds himself in is due to some failing on Fidelity's part. And I'm not persuaded it was. I don't think Fidelity ought to have realised sooner than it did that Mr W might be a US person still. And I think the steps it has taken since discovering that possibility have been proportionate and in line with its regulatory obligations both in the UK and the US.

So it follows that I don't think it would be fair for me to require Fidelity to do anything

differently at this stage or pay Mr W any compensation.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 January 2026.

Luke Gordon
Ombudsman