

The complaint

Mr S complains that James Hay Administration Company Limited (James Hay) caused unnecessary delays to the withdrawal requests he wanted to make in March and April 2025.

What happened

Mr S has a Self-Invested Personal Pension (SIPP) with James Hay.

On 28 August 2024, James Hay sent Mr S its invoice for the annual administration fee of £833. The balance in Mr S's bank account wasn't sufficient to settle that fee.

On 10 September 2024, James Hay sent Mr S an invoice for £180 for review work. And on 24 September 2024, it sent him a further invoice for £180 for additional work. The balance in Mr S's bank account wasn't sufficient to settle either invoice.

On 6 January 2025, James Hay wrote to Mr S to remind him that fees of £1,193 were outstanding. It provided him with several options for payment. Mr S responded on 28 January 2025. He asked James Hay to set up a regular instruction to return monies from his investment manager to pay fees.

On 29 January 2025 James Hay wrote to Mr S's investment manager, which I'll refer to as manager F. It asked it to transfer £1,193 to Mr S's SIPP bank account. James Hay sent a secure message to Mr S the same day to confirm what it'd done.

On 31 January 2025 Mr S contacted James Hay as he was thinking about taking two income withdrawals of £75,000. He wanted to take the first on 1 March 2025 and the second on 6 April 2025. He asked it if it could comply with this request.

James Hay responded to Mr S on 3 February 2025. It said he'd need to complete a revised SIPP income instruction form to request the income payments. And that the income payments would be made on 1st of the month. This meant that a request for payment on 1 March 2025 would need to be received by 14 February 2025. James Hay said that Mr S should ensure that there were sufficient funds in the SIPP bank account to pay the requested income and any outstanding or due fees. It noted that the current balance of the SIPP bank account at 31 October 2024 was £25.26.

On 4 February 2025, Mr S emailed a completed revised SIPP income instruction form to James Hay. It also received the instruction by post on 5 February 2025.

On 10 February 2025, James Hay sent a secure message to Mr S. This gave him risk warnings and explained that there was a 14-day cooling-off period that Mr S could waive if he wanted to proceed immediately. Mr S replied the following day to confirm that he wanted to waive the cooling-off period and proceed immediately. He said it was imperative that he received the payment on 1 March 2025.

On 13 February 2025, James Hay wrote to Mr S to confirm it'd arranged his income request for £75,000 gross. And that the date of next payment was 1 March 2025. The letter said:

Please monitor the SIPP bank account to ensure there are always sufficient funds for both income and any fees due.

On 14 February 2025, James Hay wrote to Mr S to ask him to complete the instruction to trade form to make a disinvestment to fund the income. It said that as Mr S was a co-trustee it needed his signature on any sale instruction.

On 22 February 2025, James Hay sent Mr S a message to chase the instruction to trade form. It sent a further email on 26 February 2025 with that form. This explained that manager F also required Mr S's original signature. As such, it asked Mr S to post the form as soon as possible. Mr S replied on 27 February 2025. He felt he'd submitted all the required forms/instructions. But he said he was on holiday, so couldn't submit the form by post.

On 3 March 2025, James Hay said it hadn't received the instruction to trade form. It asked Mr S to forward the email in which he'd sent it. It said manager F would also need its sell form to be sent by post, in line with its requirements.

On 6 March 2025, Mr S contacted James Hay. He said he couldn't download the manager F sell form. James Hay replied the same day to confirm that he'd need to get the form from manager F directly.

On 7 March 2025, Mr S asked James Hay if he should enter the SIPP bank account details on manager F's form. James Hay replied on 10 March 2025 to confirm that he should.

On 10 March 2025 Mr S sent the completed form to James Hay by email and asked if this would allow the payment on 1 April 2025. He said this was time critical. James Hay responded on 11 March 2025 to repeat that it couldn't accept email instructions and would need an original signature. It also said that manager F could only accept wet signatures on forms.

On 13 March 2025, James Hay received the completed forms in the post. It sent the instruction to manager F on 14 March 2025. And wrote to Mr S to confirm his instruction was being made.

On 23 March 2025, Mr S wrote to James Hay to ask if everything was in place for his income payment to be made on 1 April 2025. It replied the following day to say that it was waiting for the disinvested funds to come in. It felt it should receive them in time to make the income payment.

On 25 March 2025, £75,000 was received into Mr S's SIPP bank account. On 28 March 2025, James Hay deducted fees of £1,193 from the SIPP bank account. This left insufficient funds for the income payment to be made on 1 April 2025.

On 11 April 2025 Mr S contacted James Hay to ask what happened to his income payment on 1 April 2025. It replied the same day to say that it hadn't made the April income payment as there weren't enough funds in the trustee cash account. It said it'd charged three fees totalling £1,193 to his account on 28 March 2025. It said this had left £73,866.68 in the trustee cash account. James Hay said that if Mr S wanted to reinstruct his income he'd need to complete a new instruction using the attached form. It also raised a complaint on his behalf.

Mr S told James Hay that the withdrawal in the 2024/2025 tax year had been essential to his tax planning. James Hay acknowledged this. But said it notified policyholders when trustee cash balances weren't sufficient for income. It said it was Mr S's or his adviser's responsibility to manage the trustee cash and ensure sufficient was available.

Mr S wrote to James Hay about his complaint on 24 April 2025. He said it'd taken payment for the outstanding fees on 28 March 2025, three days before the instructed withdrawal. He said this was in contradiction to his instructions. He also said that it'd failed to notify him. Mr S felt that James Hay had failed its own undertaking, included in its 29 January 2025 message to him, to take fees from his account.

On 30 May 2025, James Hay paid £57,572 into Mr S's bank account.

James Hay issued its final response to the complaint on 4 June 2025. Following Mr S's request for it to set up a regular instruction to return monies from manager F to pay fees, it said it'd written to manager F on 29 January 2025 to ask it to transfer £1,193. It said manager F didn't appear to have acted on that instruction at the time.

James Hay said it didn't monitor client's cash balances. It said it was up to the SIPP holder or their adviser to ensure sufficient funds were available. It said that if fees were due and monies came into the SIPP, any outstanding fees would be paid automatically.

Unhappy, Mr S brought his complaint to this service in August 2025. He explained why he'd needed the withdrawals to be in two different income tax years. Mr S wanted James Hay to take the following steps to put things right:

- Pay compensation for the cost of borrowing, and for the loss of lower rate tax bands in the 2024/2025 tax year. Additionally, pay compensation for any potential Inheritance Tax liability and for having to pay higher rates of tax than he should've had to pay in the 2025/2026 income tax year.
- Pay compensation for the distress and inconvenience caused.

Our investigator felt that the complaint should be upheld. In her initial view, she felt that James Hay had caused unnecessary delays to the withdrawals that Mr S wanted to make. She acknowledged that the SIPP's terms and conditions stated that it was the customer's responsibility to ensure there were sufficient funds in the SIPP bank account to pay fees. But felt that Mr S had instructed James Hay on 28 January 2025 to set up a regular instruction to return monies from manager F. She noted James Hay had confirmed to Mr S that it'd sent this instruction to manager F on 29 January 2025. She therefore felt it was reasonable for Mr S to assume that the fees had been or would be paid.

Our investigator noted that James Hay hadn't sent manager F any chasers. Nor had it contacted Mr S to inform him that it hadn't received the requested payment. She felt that if it had, Mr S would've ensured there were sufficient funds in the cash account to cover the fees and the income payment.

Our investigator also felt that James Hay had caused unnecessary delays to the March 2025 payment Mr S had requested. She said he made his first request for this payment on 31 January 2025. While she acknowledged that James Hay had told Mr S that he'd need to complete a revised SIPP income Instruction Form, she said she couldn't see any mention of the other requirements such as the instruction to trade form or the manager F trade form. She felt that James Hay hadn't asked for the instruction to trade form until 14 February 2025, when Mr S was unable to post the form to James Hay. She felt that if James Hay had made Mr S aware of all the requirements on 3 February 2025, it was likely that he would've returned all the requirements on 4 February 2025. And that James Hay would've received them by post on 5 February 2025. James Hay would've then sent the instruction to manager F on 6 February 2025. And that the funds would've reached the SIPP cash account seven working days later on 17 February 2025. She therefore felt that it was likely that the income payment would've been possible on 1 March 2025 if it hadn't been for the delay in James

Hay providing Mr S with information about all its requirements.

Our investigator said that as Mr S didn't receive his withdrawal until 30 May 2025, it'd been paid in the 2025/2026 tax year. She said that as Mr S intended to take a further withdrawal of £75,000 in the same tax year, he'd likely incur higher tax due to the payment being made in the incorrect tax year.

Our investigator acknowledged Mr S's concern that his estate may now be liable for inheritance tax, noting that his plans to gift £40,000 to his family from his pension had to be changed. But she didn't think this had caused Mr S a financial loss. She noted that income from a gifted pension wasn't normally exempt from inheritance tax, as it formed part of the estate. She also noted that if there was an inheritance tax liability, this wouldn't be Mr S's loss but his estate's.

Our investigator also felt that James Hays' delays had caused Mr S distress and inconvenience.

To put things right, she wanted James Hay to take the following steps:

- Pay 8% simple interest on the withdrawal from 1 March 2025 to 30 May 2025.
- Compensate Mr S for any additional tax he might incur as a direct result of his payment being paid in the incorrect tax year, subject to appropriate evidence.
- Pay Mr S £350 compensation for the distress and inconvenience caused.

Mr S felt that our investigator hadn't addressed his lost basic rate tax band availability for the 2024/2025 tax year. He felt that as both of his requested payments had been made in the 2025/2026 tax year, he would have to pay more tax at 40% or higher than he should have had to pay.

James Hay said that initially, the issues with making the payment were connected to the requirement for Mr S to complete additional forms to instruct manager F to make the disinvestments required to fund the payment. It said that the revised SIPP income instruction form stated the following:

7 Disinvestments

Please confirm your chosen disinvestment below. If you are a co-trustee of your SIPP, you and all co-trustees may need to sign other forms or provide written confirmation to instruct these disinvestments.

We will only instruct the sale of the investments listed once the income calculations are complete, unless you also provide a completed "instruction to Trade Form."

Any specific trading instructions in addition to the above should be provided in writing using the appropriate trade form, which is available from [web address].

James Hay said Mr S was a co-trustee of his SIPP. It therefore felt that as he'd completed the revised SIPP income instruction form, he should've read the above and realised he might have to sign another form. It said that managers like manager F were separate entities to James Hay. As such, it had no control over the individual requirements. It said this was why it stated the following on the instruction to trade form:

For top ups, sales or switches

Some fund providers will require their own top up, sale or switch forms to be completed. Please provide any forms required by the fund provider, having completed the policy number, amount to be purchased, sold or switched and the chosen funds. As the investment is held in our name, we will complete the rest. If you are unsure whether the fund provider requires their own form to be completed, please contact the fund provider directly.

Given the above, James Hay didn't think it was fair for our investigator to say that it'd failed to inform Mr S that there would be further requirements to make the disinvestment. It said it wasn't its fault that Mr S appeared to have missed the important notes in its forms.

James Hay also said that even after it'd pointed out to Mr S that he needed to complete its instruction to trade form, he raised queries before he finally fulfilled all the requirements for manager F to make the disinvestment. It therefore didn't think it was likely that it would've received the money from manager F in time to make payment on 1 March 2025. As such, it felt it shouldn't be held responsible for paying any interest to Mr S for having missed that payment date.

James Hay acknowledged that when it'd told Mr S on 29 January 2025 that arrangements had been made to transfer money from manager F to settle the outstanding fee, he wouldn't have then expected it to still be outstanding in March 2025. It apologised to Mr S that it didn't follow up on its instruction to manager F. And for failing to inform him that it hadn't received the requested monies to settle the fees. It accepted that if it had done this, it was likely that the fees would've been settled and not caused delays to the payment of Mr S's income on 1 April 2025. But it said that its invoicing and payment system was automated. And that it would always settle fees from Mr S's SIPP bank account if sufficient funds were available. That meant that although Mr S wanted it to make regular disinvestments from manager F to pay the fees, it would only make a request to manager F if there were insufficient funds in the SIPP bank account.

To put things right, James Hay said it would pay Mr S simple interest at 8% each year from 1 April 2025 to 30 May 2025. It said that as he received an income payment of £57,572 (net), the lost interest was £769.72. or £615.78 after 20% income tax was deducted as required. It also said it would pay Mr S £350 for the distress and inconvenience it'd caused.

James Hay also said it was willing to compensate Mr S for any additional tax he would incur as a direct result of the delay to his income payment. This was subject to Mr S providing evidence which demonstrated he'd paid more tax than he would've paid but for James Hays' delays.

Our investigator considered the new information from Mr S and James Hay. She then issued her second view. She agreed with James Hay that it'd told Mr S that he might need to complete a manager F form to make the disinvestment. She therefore didn't consider that she could fairly hold it responsible for the delays in February 2025. She felt that James Hay's offer to pay late payment interest from 1 April 2025 was reasonable and in line with what she would've otherwise recommended.

Our investigator also acknowledged that James Hay had agreed to pay the £350 compensation she'd recommended. And that it'd agreed to compensate Mr S for any additional tax he incurred as a direct result of the delays it'd caused, subject to reasonable evidence.

Our investigator acknowledged Mr S's basic rate tax point for the 2024/2025 tax year. While she accepted Mr S felt he'd lost about £4,653 in lost tax allowance, she didn't think it was reasonable to ask James Hay to compensate him for that. She said it wouldn't be fair or reasonable to require it to pay Mr S compensation for a notional loss. But she noted that Mr

S was likely to pay additional tax in the 2025/26 tax year due to his withdrawal being made in the wrong tax year. She felt the financial loss was likely to occur in the 2025/2026 tax year. As such, she said that loss couldn't be assessed until the end of that tax year.

Our investigator noted that James Hay had agreed to pay compensation for any additional tax Mr S had to pay in the 2025/2026 tax year because of the delayed payment. She felt this was reasonable.

To put things right, she wanted James Hay to take the following steps:

- Pay 8% simple interest on the withdrawal from 1 April 2025 to 30 May 2025.
- Compensate Mr S for any additional tax he might incur as a direct result of his payment being paid in the incorrect tax year, subject to appropriate evidence.
- Pay Mr S £350 compensation for the distress and inconvenience caused.

Mr S felt that as our investigator had said his payment should've been paid before the end of the 2024/2025 tax year, he would've paid less tax. He also felt that she hadn't addressed the fact that James Hay didn't charge its fees appropriately. He felt James Hay had written to him to tell him that it would request any monies due from manager F. It felt it hadn't done what it said it would do. And that it should've notified him appropriately. He also felt that it wasn't material whether James Hay took the fees automatically or not.

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'm sorry to disappoint Mr S, but I've reached the same conclusion as our investigator, for essentially the same reasons. I don't have a lot to add to what our investigator said, but I'll explain my reasoning below.

I first considered whether Mr S took reasonable action when he found out he didn't have sufficient funds in his SIPP bank account to pay his outstanding fees.

Did Mr S take reasonable action once he knew there were insufficient funds in his SIPP bank account to cover his outstanding fees?

The SIPP charges schedule contains a section "*How do the charges get paid?*" which states:

We automatically deduct charges from your SIPP bank account, and do not send invoices when charges are due.

If there is insufficient cash available when charges become due, at our discretion, we may sell investments within your Partnership SIPP to pay charges.

It is therefore important that you, or your financial adviser, regularly monitor the balance of your SIPP bank account to ensure there is sufficient cash available to pay any charges that are due.

The SIPP terms and conditions also explain under section 15 *Charges and costs* that:

15.4 Your SIPP Bank Account must be kept in credit to pay our charges, expenses, third party charges and costs (including Adviser Charges), tax charges, levies or fees incurred in relation to the administration of your SIPP and the investments held within it.

The evidence shows that James Hay wrote to Mr S on three occasions in August and September 2024 to let him know that the balance in his SIPP bank account wasn't sufficient to settle the outstanding fees. I'm satisfied that this was in line with the terms and conditions of the SIPP and the SIPP charges schedule. And that Mr S ought reasonably to have known at this point that he had to take action to ensure his outstanding fees would be paid.

However, I can also see that James Hay wrote to Mr S on 6 January 2025 to remind him that fees of £1,193 were outstanding. Mr S responded on 28 January 2025 to ask James Hay to set up a regular instruction to return monies from his manager F to pay fees.

James Hay wrote to manager F on 29 January 2025 to ask it to transfer £1,193 to Mr S's SIPP bank account. It told Mr S what it'd done. I'm satisfied that at this point, Mr S ought reasonably to have believed that his outstanding fees would be paid. I therefore consider that he took reasonable action to cover his outstanding fees.

Mr S felt that James Hay hadn't done what it said it would do. He said it should've notified him when manager F hadn't transferred the £1,193 as requested. He felt that it'd charged its fees inappropriately. So I've gone on to consider this point.

Did James Hay do what it said it would do?

In its 29 January 2025 email to Mr S, James Hay said it'd updated its system. This meant that when a fee became due on his SIPP, it would ask manager F for the money required. The evidence shows that it did ask provider F to transfer £1,193 to Mr S's account.

However, James Hay has acknowledged that as it'd told Mr S that it would make arrangements to transfer money from manager F to settle the outstanding fee, he wouldn't have expected it to still be outstanding in March 2025. It has also apologised for failing to follow up on this instruction with manager F. And for failing to tell Mr S that the fees had yet to be settled. James Hay accepted that if it had taken these steps, the fees would've likely been settled and not caused delays to the payment of Mr S's income on 1 April 2025.

I agree with James Hay that the fact that it didn't follow up with manager F or notify Mr S that the fees remained outstanding meant that it caused avoidable delays to the requested payment. But I agree with our investigator that I can't fairly hold James Hay responsible for the delays in February 2025.

I say this because the evidence shows that the initial delays to the requested payment were caused by the fact that Mr S didn't provide the required documentation. I'm satisfied that the revised SIPP income instruction form clearly explained that as he was a co-trustee of his SIPP, he might need to sign other forms. And that the instruction to trade form also explained that some fund providers would also need their own forms to be completed. I agree that it wouldn't be fair or reasonable to hold James Hay responsible for the fact that Mr S appeared to have missed these important notes. I can also see that Mr S didn't immediately complete the instruction to trade form once James Hay had specifically explained it needed it.

Overall, I agree with our investigator that James Hay's offer to pay late payment interest from 1 April 2025 was reasonable.

I acknowledge that Mr S doesn't think it matters whether James Hay took the fees

automatically or not. But I can't reasonably agree.

I say this because I'm satisfied that James Hay made it clear to Mr S that it doesn't monitor client's cash balances. In its 13 February 2025 message, it explained that he needed to monitor his SIPP bank account to ensure there were always sufficient funds for both income and any fees due. I'm also satisfied that James Hay isn't required to monitor cash balances under the SIPP's terms and conditions. It makes it clear in those terms and conditions that it's the SIPP holder or their adviser's responsibility to ensure sufficient funds are available. This means that if monies come into a SIPP with outstanding fees, they'll be paid automatically.

Therefore, while I know Mr S doesn't agree, I can't reasonably say that James Hay acted unreasonably when it automatically took the fees, in line with its terms and conditions and its 13 February 2025 letter to Mr S.

I next considered Mr S's complaint about income tax.

Income Tax

Mr S felt that James Hay's failure to pay him in the 2024/2025 tax year meant he'd have to pay more income tax in 2025/2026 than he should've had to pay. He wanted it to compensate him for the loss of lower rate tax bands in the 2024/2025 tax year.

I don't have anything material to add to what our investigator has said on this issue. It's clear that if the payments had been made in two separate tax years, Mr S could've paid less income tax in total over the 2024/2025 and the 2025/2026 tax years in respect of his two pension payments.

Our investigator explained that this service couldn't ask James Hay to compensate Mr S for the lost allowance in 2024/2025 as no loss had crystallised yet. But she also said that she'd told James Hay to compensate him for the actual additional tax he ends up paying in 2025/2026 because of its delays. She said James Hay would need satisfactory evidence of the tax loss at the end of the tax year as we couldn't yet know what that loss would be.

I agree with everything our investigator has said. I say this because I'm satisfied that this will ensure that Mr S pays the amount of tax he would've paid but for the delays caused by James Hay.

I finally considered the distress and inconvenience caused.

Distress and inconvenience

I acknowledge the concern James Hay's delays have caused Mr S. But I agree with our investigator that the £350 compensation our investigator has asked James Hay to pay him is reasonable under the circumstances. I say this because it is in line with what I would've otherwise recommended.

Putting things right

Fair compensation

My aim is that Mr S should be put as closely as possible into the position he would probably now be in, but for James Hay's delays. But for those delays, I think Mr S would've received his first payment by 1 April 2025.

What must James Hay do?

To compensate Mr S fairly James Hay must:

- Pay 8% simple interest on the withdrawal from 1 April 2025 - when I think the payment should've been made - to 30 May 2025 - when the withdrawal was paid to Mr S.
- Compensate Mr S for any additional tax he incurs as a direct result of the delay to his payment, subject to appropriate evidence.
- Pay Mr S £350 for the distress and inconvenience caused.

If payment of compensation is not made by a deadline of 28 days from James Hay receiving Mr S's acceptance of my final decision, interest must be added to the compensation at the rate of 8% per year simple from that deadline date to the date of payment.

Income tax may be payable on any interest paid. If James Hay deducts income tax from the interest, it should tell Mr S how much has been taken off. James Hay should give Mr S a tax deduction certificate in respect of interest if he asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

My final decision

I uphold the complaint. My decision is that James Hay Administration Company Limited should take the steps listed under "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 February 2026.

Jo Occleshaw
Ombudsman