

## The complaint

Miss W says Interactive Investor Services Limited (IIS) is responsible for poor handling of her accounts. She encountered problems accessing funds. She says there have been issues with the Direct Debit for her account fees. And that the firm sent her confidential information through insecure means about moving one of her accounts. Miss W says these things caused her financial detriment, stress and inconvenience.

## What happened

Miss W registered with Credit Industry Fraud Avoidance System (Cifas) from around 2007. Cifas describes its service in the following terms:

*When you request Protective Registration, we place a warning flag against your name and other personal details in our National Fraud Database. This tells any organisation that uses Cifas data to pay special attention when your details are used to apply for their products or services. Knowing you're at risk, they'll carry out extra checks to make sure it's really you applying, and not a fraudster using your details.*

*Cifas Protective Registration does not affect your credit score. It is a fraud prevention measure and not a form of insurance against losses caused by fraud.*

*Cifas Protective Registration is only for people whose identities are at heightened risk. The service works by prompting Cifas members to carry out extra checks to prove your identity to prevent further fraud. This can mean that genuine applications take slightly longer to process while checks are carried out.'*

I understand Miss W usually renews her registration with Cifas every two years.

Miss W opened a Self-invested Personal Pension (SIPP) with IIS in August 2024. She opened a Trading Account and an Individual Savings Account (ISA) with it in April 2025.

Between August 2024 and January 2025 Miss W successfully made several withdrawals from her ISS SIPP account. But following difficulty accessing funds from her Trading Account in June 2025, she attempted to take £3000 from her SIPP around 16 July 2025. This request was denied. She made 12 further attempts over the course of the next two weeks or so, but these also failed.

During the period Miss W was trying to access her funds ISS informed her the problems she'd experienced related to her Cifas cover. And it asked her to call to resolve the issue.

Miss W complained to ISS on 18 July. She noted the Cifas protection shouldn't mean being blocked from withdrawing her funds. She'd not previously experienced problems with her SIPP. And other financial service providers that she used didn't inhibit her transactions in the same way.

ISS responded to Miss W's initial complaint on 28 July 2025. It said:

*"...Considering how this type of registration is for individuals who consider themselves at a heightened risk of fraud, we took the precautionary measure of directing withdrawals to*

*phone-only so that we could carry out enhanced verification checks on withdrawal requests to ensure that we are doing everything possible to protect you and your assets.*

*We do not know what your specific concern was when taking out the Cifas Protective Registration; however, if you have no ongoing fraud concerns that you feel would impact the security of your interactive investor account, I would be happy to check how you would go about reenabling online withdrawals. Please let me know in response to this message if this is something you would like to pursue.”*

Miss W wasn't satisfied with ISS' response, so she brought her case to this Service on 1 August 2025. I note the block on her account was lifted around this time and payment of £3000 made into her bank account.

While her complaint was waiting to be reviewed at this Service, she raised further matters of concern with ISS. On 18 August 2025 Miss W complained ISS had breached confidentiality rules in communicating with her about the switch of her ISA. In responding the firm said it hadn't done anything wrong. Miss W wasn't satisfied and raised the matter with this Service.

In addition, in light of issues Miss W had encountered with withdrawals, she instructed ISS to end the Direct Debit. That instruction took effect in August 2025. Later she found that because of changing her arrangements her fees increased by £5 a month. She says she hadn't been informed this would happen. She also experienced problems reinstating the Direct Debit. Miss W raised a complaint with ISS on 10 October 2025 and not satisfied with its response she also raised this matter with our Service.

In November 2025 an Investigator considered the complaint points Miss W had raised about ISS. He didn't uphold her case, finding the firm had acted fairly and reasonably in its dealings with her. Miss W disagreed.

As both parties couldn't agree with the Investigator's view Miss W's complaint has been passed to me to review afresh and to provide a 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.

Where there's conflicting information about the events complained about and gaps in what we know, my role is to weigh the evidence we do have and to decide, on the balance of probabilities, what's most likely to have happened.

I've not provided a detailed response to all the points raised in this case. That's deliberate; ours is an informal service for resolving disputes between financial businesses and their customers. While I've taken into account all submissions, I've concentrated my findings on what I think is relevant and at the heart of this complaint.

I'm not upholding Miss W's complaint. I'll explain why.

I've considered the extensive regulation around the services like those performed by ISS for Miss W. The FCA Handbook contains twelve Principles for businesses, which it says are fundamental obligations firms must adhere to (PRIN 2.1.1 R in the FCA Handbook). These include:

- Principle 2, which requires a firm to conduct its business with due skill, care and diligence.

- Principle 6, which requires a firm to pay due regard to the interests of its customers and treat them fairly.
- Principle 7, which requires a firm to pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.
- Principle 12, which requires a firm to act to deliver good outcomes for retail customers.

So, the Principles are important and form part of the regulatory framework that existed at the relevant time. They must always be complied with by regulated firms. As such, I need to have regard to them in deciding Miss W's complaint.

### *Miss W's access to her funds*

At the heart of this complaint is Miss W's attempt to access funds from her ISS Trading Account and SIPP last year. She wanted £3000 and it's easy to understand why when things didn't work out as smoothly as they had done before, and there were no problems with her other financial service providers, she became worried and frustrated. And she needed the money of course.

ISS explained why Miss W was initially able to access her SIPP funds, but later experienced problems. It told this Service:

*"The client opened her [SIPP] account...on 14/08/24...A protective registration loading doesn't confirm the client has been a victim of fraud, but it implied the client believes they are at a higher risk of fraud...people usually add this if they have recently been a victim of fraud, and it indicates to companies when they receive applications from them that we should review them more closely due to this perceived (or actual) higher fraud risk."*

*"What we normally do when we receive an application that matches to a protective registration loading and there are no other loadings (ie, no CIFAS fraud loadings confirming the client has been a victim with another company) we review them to see if all the details on our application match to that protective registration loading. If they do, and it's not a recent match, we would normally not take any further action."*

*"If the client renews her CIFAS loading each time it expires, (and there is no reason to believe that this is not the case), then her previous loading would have been dated from around February 2023. As this loading would have already been in place for around 18 months when this application was received, and if all the details on the loading matched to this application, we would have had no cause for concern and would have taken no action."*

*"This check is only done at AOP, so it would not have flagged this first account when the CIFAS loading was renewed in February 2025. However, when she opened her other accounts in April 2025, we could only see the new loading and as it was recent, having only been loaded 2 months before our application, a withdrawal block was then added to all of her accounts as a precautionary measure."*

*"As the protective registration loading does not confirm a fraud has taken place but indicates the client may be at a heightened risk, we don't know what sort of fraud may have taken place elsewhere. It may be that someone has been fraudulently opening accounts in her name but using different contact details, which is easier to see, however, we have seen a rise in account takeovers, where client's email and mobile numbers have been compromised, so receiving a new application for an existing client, and using all of the same contact details, doesn't necessarily confirm it is not fraud. So the block is still placed on the accounts so we can monitor the activity for a while and make sure we are happy with the activity on the account."*

I think ISS acted reasonably here. It had a duty of care to make sure Miss W was not a victim of fraud. I recognise that effective protection of her accounts from fraud was an important matter to Miss W. That's clear in the pattern of renewals she made of her Cifas cover from as early as 2007. And from the testimony she's provided in this case.

There is a question about whether ISS communicated clearly with Miss W about the action it was taking and what she could do about it. When she experienced requests for funds being blocked on her Trading Account, on 30 June 2025 it told her:

*"...we are aware that you have activated a protective registration with CIFAS. In line with this, we have implemented enhanced safeguarding upon your account. One of these measures requires you to contact us via telephone to authorise any cash withdrawals from your account."*

As the Investigator found:

*"[Miss W] responded on 2 July 2025 by secure message and said 'I'm not going to phone as it's a nightmare when I do'. On the same day, Interactive Investor told [her] by a secure message that to remove the restrictions [she] needed to go through certain security procedures on the phone. I note the secure message also let [her] know that it could take the business up to five days to respond to secure messages.*

*The business also offered on 3 July 2025 to call ...but [she] declined this. And on the same day, Interactive Investor again explained that it needed to go through security procedures to make a withdrawal from [her] account. Interactive Investor also told [her] this on 11 July 2025."*

What followed during July 2025 was a series of attempts by Miss W to access her SIPP funds. For example, Miss W sent instructions to ISS to withdraw money from her SIPP on 16 July 2025. The request led to the firm's system sending her a message that it was unable to process the request and to confirm she needed to call it. This led her to initiate a complaint.

ISS' business file suggests Miss W made around 13 requests over a two-week period to access money from her SIPP but with the same outcome. Each time she was told it was unable to process her requests and that she needed to call it. ISS told this Service:

*"...[Miss W's] complaint was responded to on 28 July 2025 explaining the reasoning behind the requests being unsuccessful. Miss W continued to raise objections in response via secure message (correspondence provided), which prompted our Pension Team to attempt to call her twice on 30 July 2025 to discuss it further; unfortunately, these attempts were unsuccessful. However, our Management Team made the decision to allow the payment to be made based on the secure messages Miss W sent us and ringfenced the money for payment on the same day, after asking our Financial Crime Prevention Team to remove the restrictions."*

There is an argument that what might be viewed as ISS' more pragmatic approach here should've been followed much earlier. Such a position isn't without merit. But I'm also mindful of the duty of care the firm had for Miss W. Had it decided to make payment earlier and it materialised she'd been a victim of fraud, then there could've been a strong argument it was culpable and hadn't acted in her best interests.

On balance, I've concluded Miss W had been in possession of the information she needed from ISS to resolve the position with her accounts much earlier than she did. I think the firm erred towards the precautionary principle and in the circumstances I don't think it would be reasonable for me to find against it on this occasion.

### *ISS sending Miss W confidential information via unsecure means*

Following Miss W's decision to transfer her ISA to another provider she says ISS sent her information outside of the secure messaging facility to her email, which may have breached data protection guidelines. The email included information about the value of her ISA and the name of her new provider. She raised a complaint on 18 August 2025.

ISS responded saying the information provided in its email to Miss W was standard practice. It said that if it had needed to send any personal or sensitive information, this would've been done through the secure messaging facility. It said the email it had sent didn't contain any personally identifiable information.

The Investigator concluded in the following terms:

*"I fully appreciate your submissions about your concerns about fraud and I don't underestimate how important keeping your financial and personal details confidential is to you. And Interactive Investor has a legal duty to look after your data and comply with data protection law. But it's not the role of this Service to decide if Interactive Investor is doing that – or to look into concerns about how secure its policy of sending correspondence by unencrypted email is. That is for the Information Commissioner's Office ("ICO") to look into.*

*...What we can look into is putting things right if there has been an identified breach of your data, such as if Interactive Investor had sent the email to the wrong address. Thankfully, it doesn't seem to me there has been a data breach of the information sent by email. It seems you're more worried about what might happen. And whilst I understand you are concerned that your information could be taken or seen, I can't see you've suffered a financial loss..."*

Having reviewed the information available to me I've arrived at the same conclusion for broadly the same reasons.

### *Increased charges on Miss W's account following cancellation of her Direct Debit*

In light of issues Miss W had encountered with withdrawals, she instructed IIS to cease her Direct Debit. That instruction took effect in August 2025. She closed her Trading Account and moved her ISA, but then discovered the monthly charge being taken from her SIPP was £9.99 (previously she'd paid £4.99).

Miss W said her charges had increased because she'd cancelled her Direct Debit, but she hadn't been informed about the impact by ISS. She'd tried to reinstate the Direct Debit arrangement, but this had proved difficult. She raised a complaint with the firm on 10 October 2025.

ISS responded to Miss W on 17 October 2025 saying:

*"To be on our essentials plan we will require you to have a Direct Debit to pay your fees, you can set this up online by going to Profile > manage profile > subscription and billing' You can then downgrade your service plan to the £4.99."*

It sent her a further message on 22 October 2025 saying:

*'If you did hold a sole Pension with us then the cheapest plan we offer would be the £5.99 which also requires a Direct Debit.'*

And on 27 October 2025 ISS sent its formal response to Miss W's complaint stating that the reason £9.99 had been taken from her SIPP since September 2025 was that the Direct Debit

had been cancelled. It said for her to have the Pension Essentials plan, which incurred a monthly fee of £5.99, she'd need to set up a Direct Debit.

Miss W responded on 27 October 2025 asking why ISS' systems only gave her the option to set up a Direct Debit for £9.99. ISS responded on 5 November 2025 saying:

*“Regarding your monthly Service Plan fees, to qualify for the Pension Essentials plan you are looking to move to, you must first set up to pay any monthly account fees via Direct Debit. Once you have set up your Direct Debit instructions, you are then able to amend your account to the cheaper Pension Essentials plan.*

*As having Direct Debit instructions set up on your account is a prerequisite to be eligible for the Pension Essentials plan, you will currently be unable to see the option to change and will only be able to see the chargeable amount for the plan you are already on. Once the Direct Debit is set up, you should then be able to see the option to change your Service Plan to the £5.99 Pension Essentials plan...”*

ISS carried out Miss W's instruction to stop her Direct Debit promptly. I can understand why she took such action. I think the firm also gave her sufficient instructions about what she needed to do to reinstate the arrangement when she realised the decision she'd taken had resulted in an increase in her monthly fees of £5.

### **My final decision**

For the reasons I've already set out, I'm not upholding Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 27 March 2026.

Kevin Williamson  
**Ombudsman**