

The complaint

Mr P complains about the poor service he received during the transfer of his pension with a provider I'll refer to as provider A to a Self-Invested Personal Pension (SIPP) with Interactive Investor Services Limited trading as Interactive Investor (Interactive Investor).

While provider A is mentioned in this complaint, my decision solely covers the actions of Interactive Investor.

What happened

Mr P wanted to transfer his pension with provider A to a SIPP with Interactive Investor. It received his transfer request on 9 January 2025.

On 16 January 2025, Mr P contacted Interactive Investor. He said his pension with provider A was a Jersey pension. The same date, he sent another message to Interactive Investor to explain that he'd received forms from provider A. He said section three had to be completed and returned by the new Scheme administrator. Provider A's Transfer Payment Release Form stated that the pension being transferred was a Jersey former Qualifying Recognised Overseas Pension Scheme (QROPS).

On 17 January 2025, Interactive Investor contacted provider A. It said that as Mr P's pension was a Jersey policy, it couldn't complete the transfer through the Origo electronic transfer system. It said it would have to be a manual request.

Interactive Investor then sent manual transfer forms to Mr P. He completed and returned these on 30 January 2025. It sent the transfer pack to provider A on 3 February 2025.

On 25 February 2025, Mr P messaged Interactive Investor to let it know that provider A hadn't been able to confirm if it'd received the transfer forms. He said it'd told him that it had to receive the transfer pack by post. He asked Interactive Investor to speak to provider A about this as soon as possible.

On 28 February 2025, Interactive Investor messaged Mr P to say that provider A had told it that it had yet to receive its transfer pack. Although it'd re-sent the pack by email, provider A had then said that it needed the pack to be sent by post. It said it had done this on 26 February 2025. It also said it'd prioritised Mr P's case.

On 7 March 2025, Interactive Investor received £45,753.17 in cash. This was paid into Mr P's SIPP the same day. Following the transfer, Mr P invested the transferred cash in shares. I'll refer to these as share N.

Interactive Investor received a letter from provider A on 24 March 2025. The letter said that as the transferred pension was a Jersey policy, it needed more information. It asked Interactive Investor to send the amount transferred back to it. It said once it'd completed its requirement it would reissue the payment.

Provider A called Interactive Investor on 3 April 2025 to explain that it'd transferred Mr P's

pension in error, as it was a Jersey-based policy. It asked it to return the transferred funds as soon as possible.

Interactive Investor left a voicemail for Mr P and sent him a secure message on 7 April 2025. It said it could only accept money coming in from UK-registered pension schemes. And that it felt it'd made provider A aware of this in the cover letter attached to its transfer request.

Interactive Investor said it needed to return the money transferred to provider A. It asked Mr P to make £45,753.17 available by disinvesting the assets in his SIPP so that the funds could be returned to provider A.

Mr P replied the same day. He asked how the transfer had gone ahead given Interactive Investor didn't accept funds from non-UK registered pension schemes. He said he'd already invested the transferred funds in share N, which had significantly fallen in value since his investment. He felt that if he returned the transferred funds to provider A he wouldn't receive all his money back.

Interactive Investor apologised for its oversight, acknowledging that it was clear throughout the transfer process that the pension being transferred was a Jersey scheme. It said it should've identified and flagged this earlier.

Provider A wrote to Interactive Investor again on 8 April 2025 to repeat its request for the funds to be returned to it as soon as possible. Interactive Investor replied to say it'd contacted Mr P about the issue. It said it couldn't send the money as he'd invested it. It said it needed him to disinvest to make the cash available for return. But noted Mr P was hesitant to do so as he was concerned about a potential financial loss. It asked provider A if it would share the financial loss.

Provider A repeated its request to Interactive Investor on 10 April 2025. It also said it would accept the losses Mr P might face.

Mr P complained to Interactive Investor on 14 April 2025. He said the transfer process had taken nearly two months due to a lack of the correct administration procedures between Interactive Investor and provider A. He was upset to discover that Interactive Investor shouldn't have accepted the transfer. He said the process had been extremely stressful, noting that Interactive Investor's 7 April 2025 message had led to concern that he'd face a significant financial loss. Mr P said he'd been very worried and concerned about this message. He asked it to take the necessary steps to put things right. He also asked it to retain his funds in his SIPP.

Interactive Investor wrote to Mr P again on 22 April 2025 to ask him to make £45,753.17 available. It provided an estimate of the current financial loss. But noted this could change once Mr P sold share N. It offered assurance that both it and provider A would ensure he was fully compensated for any losses, given both sides had made the error.

Interactive Investor issued its final response to the complaint in May 2025. It acknowledged that the transfer shouldn't have taken place as it couldn't accept money from a non-UK registered pension scheme. It apologised for this oversight and for the service it'd provided.

Interactive Investor said that as both it and provider A caused the error, both would cover any potential losses Mr P incurred when he sold share N. It said it couldn't calculate that loss until he sold the shares. It said it would pay Mr P £100 for the error in accepting and processing his transfer. And £50 for the additional contact he'd had to have with it to resolve the issue.

Mr P said he felt pressured to sell his shares. And that the repeated requests for this made him concerned, anxious, and worried. He still wanted his funds to remain in his SIPP. He was also worried that he'd lose out because of exchange rate and trading fees. Interactive Investor apologised for making him feel rushed or pressured. It reconfirmed that it was committed to making sure he wasn't financially disadvantaged due to the error, noting that both it and provider A shared responsibility.

Interactive Investor wrote to Mr P on 20 June 2025 to ask for his consent to share his post-transfer investment information with provider A. It said it'd asked for this so it could process the loss calculation at its end. It said it would carry out its own calculations and wanted to share that information with provider A so that it could liaise with it to resolve how to split the losses.

Unhappy, Mr P brought his complaint to this service in July 2025. He said that if he'd disinvested his shares when Interactive Investor had first asked him to, he would've lost around 33% of the investment. He said the error had caused a high level of stress and worry, leading to loss of sleep and worsened mental health. He said the transfer represented his life savings. And that he'd trusted Interactive Investor to act professionally and correctly.

Mr P said that while Interactive Investor had upheld his complaint, it continued to ask him to disinvest the funds so it could transfer them back to provider A. He felt the only fair resolution would be to allow the funds to remain within his Interactive Investor SIPP.

Interactive Investor reconsidered the compensation it'd offered after Mr P brought his complaint to this service. It increased its offer of compensation for the distress and inconvenience caused by £350 to a total of £500. It did this in acknowledgement of the stress, anxiety, and lack of sleep it'd caused him.

Interactive Investor acknowledged that Mr P had been concerned that he wouldn't be put into the position he would've been in, but for the mistake. And that he was also concerned about selling share N at such a big loss. It said he'd told it he felt pressured by both it and provider A to action the requests.

Interactive Investor said it'd reviewed the calls between it and provider A. And stood by it and provider A's commitment to put Mr P back into the position he would've been in, but for the error. But it noted that it couldn't do this until Mr P had disinvested share N so that the cash could be returned to provider A. Nor could it provide a figure for the financial redress until Mr P sold share N. In respect of Mr P's concern that he may suffer a currency loss, it said it could waive the fees associated with the conversion.

Mr P still wanted his pension to remain with Interactive Investor.

Our investigator noted that Mr P wanted the SIPP to remain with Interactive Investor. But said that wasn't possible. He said the transfer shouldn't have taken place. And that it would need to be reversed, with the funds sent back to provider A. He explained that if Interactive Investor retained the transfer, it would pose different risks and add further regulatory requirements, compliance, and processes. As such, he felt that Interactive Investor's decision not to accept non-UK pensions like this was reasonable. He also said it was a decision the business was entitled to make. However, our investigator felt it was reasonable to expect Interactive Investor to have robust processes in place to ensure non-UK pensions weren't transferred.

Our investigator recognised that Mr P had also complained about the delays to the transfer of his pension. But noted that as the pension shouldn't have been transferred, he needed to look at what should happen to put things right. He felt that both Interactive Investor and

provider A had accepted responsibility for a lack of due diligence throughout the transfer process. And that both were committed to ensuring Mr P didn't lose out financially because of their error.

Our investigator recommended that Interactive Investor took the following steps to put Mr P back into the same position he would've been in had the transfer not taken place:

- When Mr P disinvested share N, Interactive Investor should work with provider A to cover any financial losses. He said this meant that Interactive Investor should send provider A the same amount of funds that was transferred to it, plus any gains on Mr P's investment.
- Our investigator felt that Interactive Investor had offered a total of £350 compensation for the distress and inconvenience caused, although it had in fact offered a total of £500, including the £150 it'd already paid Mr P. He felt that total compensation of £500 was more reasonable.

Our investigator noted that Mr P still had the right to complain to provider A directly. And that if he were unhappy with its response, he could bring that complaint to this service.

Mr P told this service that he was concerned he'd have commission and foreign exchange charges. He also felt that he might lose out if the exchange rate moved against him. He wanted assurance from Interactive Investor that it would reimburse the charges and the variance in exchange rate.

Interactive Investor confirmed that it would cover all aspects of the sale of share N, including exchange costs once the loss calculation had been carried out.

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 agree with our investigator that the compensation Interactive Investor has agreed to pay Mr P for any financial loss he incurs when it returns his funds to provider A is fair under the circumstances of this complaint. I also consider that the compensation it has offered to pay him for the distress and inconvenience caused is fair. I know this will be disappointing. I'll explain the reasons for my decision.

Where a business has made an offer to settle a complaint – as Interactive Investor has done – what I must decide is whether, in all the circumstances, that offer is fair and reasonable.

In this case, Interactive Investor has acknowledged that both it and provider A shouldn't have allowed the transfer to go ahead. It's offered to work with provider A to ensure Mr P is put back as close as possible to the position he would've been in if the transfer hadn't happened. It also offered him total compensation of £500 for the distress and inconvenience caused.

I first considered whether the settlement offer is fair.

Is the settlement offer fair?

There's no dispute that both Interactive Investor and provider A shouldn't have allowed the

transfer to take place. However, I agree with our investigator – and for the same reasons – that Interactive Investor can't reasonably be required to keep Mr P's transferred funds within his SIPP. As such, it must return the funds to provider A.

Interactive Investor has assured Mr P and this service that it will completely cover any loss made on the disinvestment of share N. It has also told him that provider A intends to put him back into the position he would've been in once it returns the cash to it following the disinvestment.

Interactive Investor provided this service with recordings of the calls it held with provider A to discuss how to ensure Mr P didn't lose out. After listening to those calls, I'm satisfied that both Interactive Investor and provider A are committed to ensuring Mr P doesn't suffer any financial loss as a result of their mistake.

While I understand why Mr P would prefer to know the amount of any financial loss both parties will cover, I'm satisfied that as this depends on the date of the disinvestment, an exact figure can't be provided until that disinvestment. I also agree with our investigator that it's possible that Mr P could sell share N at a profit. If this is the case, Interactive Investor has made it clear that it will ensure that Mr P retains that profit by sending any such profit back to Mr P's pension with provider A.

Overall, I'm satisfied that the financial redress Interactive Investor is committed to pay Mr P if he has suffered a financial loss is fair and reasonable. I also agree with our investigator that if provider A doesn't take the steps it has committed to take to put things right, Mr P can complain to it.

I finally considered the compensation Interactive Investor has offered Mr P for the distress and inconvenience it has caused. While I can see that it has paid him the initial £150 compensation it offered him for actioning his transfer request when it shouldn't have, I don't know whether it has paid him the additional £350 it offered after he brought his complaint to this service.

Distress and inconvenience

Interactive Investor has offered Mr P the following compensation:

- £150 for accepting the transfer when it shouldn't have and for the additional contact that then required from Mr P.
- £200 for the poor experience caused by the transfer not being as straightforward as it should've been. And the extra efforts Mr P had to take to move things along.
- £150 for failing to recognize as soon as it should that the situation was causing Mr P stress, anxiety, and lack of sleep.

Mr P said Interactive Investor's error had caused a high level of stress and worry, leading to loss of sleep and worsened mental health. And that its 7 April 2025 message had caused him concern that he'd face a significant financial loss. He also said he'd felt pressured to sell his shares.

I don't doubt that this has been a stressful experience for Mr P. I can see that it has caused considerable worry and inconvenience. Having said that, I'm pleased to see that Interactive Investor has recognised the impact of its error on Mr P. And I agree with our investigator that a total of £500 compensation is reasonable under the circumstances. I say this because it's in line with what I would've otherwise required Interactive Investor to have paid.

As far as I'm aware, Interactive Investor has yet to be able to carry out its intended actions to ensure Mr P doesn't lose out as a result of its error accepting his transfer. It's also not clear from the evidence provided whether it has already paid Mr P the additional £350 compensation it offered him after he brought his complaint to this service. I therefore uphold the complaint.

Putting things right

My aim in awarding fair compensation is to put Mr P back into the position he would likely have been in, had it not been for Interactive Investor's transfer error.

In order for Interactive Investor to be able to carry out the redress outlined, Mr P must sell his holding in share N.

What Interactive Investor must do

To compensate Mr P fairly, Interactive Investor must:

- Completely cover any disinvestment loss when Mr P sells share N. This includes covering all transaction costs, commission costs, foreign exchange costs, and any unfavourable exchange rate change.
- If Interactive Investor hasn't already paid the additional £350 it offered Mr P for the distress and inconvenience caused, it must pay this to him directly.

If payment of compensation is not made within 28 days of Interactive Investor receiving Mr P's acceptance of my final decision, and actioning the sale of share N, interest must be added to the compensation at the rate of 8% per year simple from the date of my final decision to the date of payment.

Income tax may be payable on any interest paid. If Interactive Investor deducts income tax from the interest, it should tell Mr P how much has been taken off. Interactive Investor should give Mr P 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

For the reasons set out above, I uphold Mr P's complaint. Interactive Investor Services Limited trading as Interactive Investor must take the action detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 February 2026.

Jo Occleshaw
Ombudsman