DRN-6114236

The complaint

Mr F complains that Financial Administration Services Limited ('Fidelity') delayed transferring his investment ISA and sold his shares without informing him or obtaining his permission. He is also unhappy with the lack of communication he received during the transfer of his investment to them.

What happened

On 1 July 2025, Fidelity submitted a request to a business that I shall call Firm C to transfer Mr F's investment ISA to them. The following day, Firm C rejected the transfer due to a system change and asked Fidelity to resubmit the instruction after 3 July 2025. A new transfer request was submitted on 4 July 2025, and Fidelity received the necessary information back from Firm C the same day.

Fidelity accepted the transfer on 17 July 2025. Part of the transfer was completed on an in-specie basis on 24 July 2025, with the remaining assets being transferred on 25 July 2025. Mr F later became aware that his holding in Atos had been sold during the transfer. By 9 September 2025, all residual cash had been received, and the transfer was completed.

Shortly afterwards, Mr F decided to formally complain to Fidelity. In summary, he said he was unhappy about the time taken to transfer his investment from Firm C to them. In addition, he explained that he didn't believe they'd kept him properly informed of what was happening. Mr F also explained that he was unhappy that Fidelty had sold his Atos holding when that stock was available to purchase on their platform.

After reviewing Mr F's complaint, Fidelity concluded they could have completed his transfer more promptly and kept him better informed. To apologise, they offered Mr F £50. In addition, Fidelity also said in summary, that the Atos holding was sold to cash by the ceding provider because it wasn't eligible for re-registration. Fidelity explained that this was due to limitations within the re-registration process for Euro CDI holdings. This was not because Fidelity doesn't support Atos as an investment; the same security is available to hold on Fidelity's platform. However, the custody line format in which the holding was held at Firm C, a Euro CDI, could not be re-registered to Fidelity.

Mr F was unhappy with Fidelity's response, so he referred his complaint to this service. The complaint was then considered by one of our Investigators. She concluded that Fidelity had treated Mr F fairly and she also said, in summary:

- Where an asset cannot be re-registered between custodians, the standard process is for the ceding provider to sell the holding and transfer the proceeds of cash. Once the transfer is complete, the client can then repurchase the investment on the receiving platform if they wish. In this case the sale of the Atos holding was therefore necessary to allow the transfer to proceed.

- When investments are held on a platform they are registered in a specific custody format

with a custodian. For an in-specie transfer, the investment must be capable of being re-registered from one custodian to another in exactly the same format, allowing the investment to move without being sold.

- If the custody format used by the ceding provider cannot be supported or re-registered by the receiving provider, an in-specie transfer is not possible. In those circumstances, the investment must be sold and transferred as cash instead. This is a standard industry process and is not specific to Mr F's transfer.

- Fidelity has shown that they followed their standard procedures for assets that cannot be transferred in-specie, and that they highlighted the possibility of this outcome during Mr F's online application journey.

- Fidelity have provided screenshots showing the online transfer tracker available during the transfer journey. This tracker is updated using information from the Altus system, which platforms use to communicate with one another.

- The tracker explained that transfers can take up to eight weeks to complete and allows clients to view the current status of their transfer and whether any action is required from them.

- Fidelity confirmed that they paid Mr F £50 in compensation for any inconvenience caused. Taking all the circumstances into account, our Investigator was satisfied that £50 fairly reflects any inconvenience caused during the transfer process.

Mr F, however, disagreed with our Investigator's findings. In summary, he said:

"*The system did not return me to the top of the screen*

Fidelity have a responsibility for clear messaging and this should be throughout the process. The investigation and Fidelity's points solely rely on: "The Altus system status", this is not a system a customer would have access/see. If you see the messages/statuses in the transfer tracking that is visible to the customer, there is nothing here that can be worked through to understand what is happening. The messages/lettering statement of "could be clearer" is a massive understatement and the fact the investigation has ignored this is frustrating. The investigation has focussed on back-end systems rather than the information a consumer can see/will see."

Our Investigator was not persuaded to change her view as she didn't believe Mr F had presented any new arguments she'd not already considered or responded to. Unhappy with that outcome, Mr F then asked the Investigator to pass the case to an Ombudsman for 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.

I have summarised this complaint in less detail than Mr F has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all of the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me

to do this and it simply reflects the informal nature of our service as a free alternative to the courts.

My role is to consider the evidence presented by Mr F and Fidelity in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice. Where there's conflicting information about what happened and gaps in what we know, my role is to weigh up the evidence we do have, but it is for me to decide, based on the available information that I've been given, what's more likely than not to have happened. And, having done so, I'm not upholding Mr F's complaint - I'll explain why below.

When a consumer decides to transfer an ISA to a new provider, the regulator, the Financial Conduct Authority, and HMRC have standards in place that they expect providers to adhere to that helps ensure monies are moved in a timely manner. For cash ISA to cash ISA transfers, monies must be moved within 15 working days. However, for other ISA transfers, the expectation is the transfer should take no more than 30 calendar days. So, in light of the fact that Fidelity have stated that they received Mr F's completed application form on 1 July 2025, that means they should have processed the transfer by 31 July 2025. However, Firm C initially rejected the transfer due to a system issue and asked for a new request to be sent through after 3 July 2025. The new transfer request was issued on 4 July 2025 so the transfer should have completed by 3 August 2025.

Mr F's Firm C ISA held a combination of cash and investments, the latter of which he asked Fidelity to transfer over to them without selling (more on that later). Fidelity received Mr F's ten investment holdings from Firm C on 24 and 25 July 2025 which was well within the 30 calendar days. However, there was a delay in the receipt of his cash balance which wasn't received until 9 September 2025, well after the 30 day deadline. I'm not persuaded that's Fidelity's fault because from what I've seen, Fidelity weren't aware of the residual cash balance until Mr F flagged it to them on 1 September 2025, at which point they contacted Firm C on 4 September 2025 asking for the monies to be remitted to them. The monies were then sent across to Fidelity by 9 September 2025. It's typically not uncommon for small cash balances to fall outside of the 30 days and have to be swept up later; these are usually the result of dividend payments being received post transfer of any investments, the refund of fees and or the collection of any direct debits still hitting the account.

But, that doesn't mean Fidelity have done something wrong, they don't have sight of Mr F's account with Firm C and are reliant on the information provided to them by both Firm C and Mr F. As I've not been able to determine that Fidelity didn't process Mr F's ISA transfer in a timely manner, it therefore follows that I'm unable to uphold this element of his complaint.

I think it would be useful to explain the two ways in which a consumer can switch their investments between providers. The quickest and simplest way is for a consumer to liquidate all of their holdings and move the funds as cash to the new firm. The other route is called 'in-specie' and that involves transferring the existing investments within the wrapper, without selling them to the new firm. That typically takes far longer and is dependent on a number of factors, notably whether the receiving scheme is able to accept the type of investment being moved. In this case, Fidelity weren't able to accept Mr F's Atos holding in the manner it was configured at Firm C, so those shares couldn't be switched to them without first being sold.

Before instructing a business to switch their investment, consumers need to satisfy themselves that what they're asking the receiving scheme to do, is possible. Importantly, Fidelity was not providing Mr F with advice so it was up to him to undertake his own due diligence on the matter to satisfy himself that they could do what he wished. From what I've seen of the messaging between Fidelity and Mr F, he didn't approach them prior to making his request to check to ensure that his Atos holding could be moved without having to be

sold beforehand. And in any event, Fidelity weren't required to check with Mr F before the Atos holding was liquidated. From what I've seen of the terms and conditions that Mr F agreed to when making his transfer application to Fidelity, I'm of the opinion that he was provided with sufficient warning that liquidation of any holdings may be a possibility if the asset couldn't be transferred:

> *"I agree that, if a share I currently hold in an ISA is not available with Fidelity, it can be sold and transferred across as cash within my ISA….".*
>
> *"…If we're not able to bring your investments over as they are in a different share class to the ones available on our platform, we'll have to sell your investments and move them to your Fidelity ISA as cash to preserve the tax benefits".*
>
> *"If your current provider offers re-registration, then they'll transfer your investments like-for-like over to us (if available on our platform), and you won't be out of the market during this time. Where this isn't possible, they'll sell those investments and transfer the proceeds to us as cash."*

It therefore seems to me that Fidelity had adequate license to liquidate the Atos holding in the circumstances without first contacting Mr F to seek his permission. But in any event, I think it's more likely than not that even if Fidelity had told Mr F during the course of the transfer process that they couldn't accept the Atos shares in their current format, the outcome wouldn't have been any different. I'm of the opinion that Mr F would have sold his Atos shares anyway to allow the transfer to continue. I say that as the only alternative would have been to retain them in their existing format with Firm C and as Mr F has already explained that he wanted to move his savings away from Firm C as he was unhappy with them, I doubt very much that he would've wished to retain the Firm C ISA with just one holding and suffered the ongoing costs associated with that.

And, whilst Mr F is unhappy that Fidelity didn't tell him about the sale, from what I've seen, it wasn't Fidelity that sold the Atos shares, it was Firm C and as such, it's Firm C that should've provided Mr F with a contract note following the sale detailing the transaction. Given what I've seen, as I've not been able to conclude that Fidelity mis-handled the Atos share switch, I'm not upholding this element of Mr F's complaint either.

I very much recognise that Mr F feels strongly that the consumer-facing messages provided during the transfer were not sufficiently clear or detailed, and I agree that the updates were high-level. Fidelity, like many other financial services providers, use a system called Altus to manage their transfers in and out between different providers. In short, Altus enables firms to exchange structured messages, confirm customer details, provide valuations and progress updates and complete cash and asset transfers efficiently. Mr F has explained that Fidelity's use of the Altus system as a tool for communicating with consumers during the process is unreasonable as it's not designed as a front-end client facing portal.

From what I've seen of Fidelity's use of the system as a tool for front-end communications, it's very much a high level bite size update rather than something that details every stage of the process. Importantly, I'm not aware of any regulatory expectation that requires firms to communicate each stage of the transfer process. I would, however, expect firms to contact customers when there's a problem that requires some form of intervention and Fidelity say they do just that. Fidelity have explained that if any issues arise where input is needed from the consumer, they either telephone, send a letter or message them on their portal. And, as no intervention was needed on Mr F's part, Fidelity didn't need to reach out to Mr F, and that's despite the fact that they weren't able to accept the Atos shares because as I've already explained, Fidelity had already signposted the risks to Mr F of what would happen if they were unable to accept certain investments.

Whilst I appreciate that Mr F didn't like Fidelity's use of the Altus system, my role is not to determine whether Fidelity could have provided a more user-friendly system, but whether their communications fell below a reasonable standard in the context of industry practice and regulatory requirements. So, while the messaging may not have met Mr F's personal expectations, I am not persuaded Fidelity acted unfairly or unreasonably in how they communicated progress to him. It's not within the remit of this service to mandate what messaging formats firms should use when corresponding with customers, that's a commercial decision for them. It therefore follows that I'm not upholding this part of his complaint either.

Fidelity have already paid Mr F £50 in recognition of the inconvenience he experienced during the transfer (he also complained on behalf of his children's Junior ISA transfer experience). As I am not upholding the complaint, I cannot require Fidelity to pay compensation or alter the amount they have already chosen to pay. But I can take voluntary payments into account. In light of the circumstances and typical industry levels of redress for minor service issues, £50 represents a reasonable gesture for the inconvenience Mr F experienced, even though I have not found that Fidelity acted unfairly or unreasonably.

My final decision

I'm not upholding Mr F's complaint and it therefore follows that I'm not instructing Financial Administration Services Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 April 2026.

Simon Fox
Ombudsman