

## **The complaint**

Ms G has complained that Interactive Investor Services Limited ('IISL') are not treating her fairly regarding the pension she inherited from her late husband.

Due to the nature of the investments held within the pension at the time Ms G inherited them, Ms G now finds herself in a position where she cannot transfer them away to another provider, with IISL not offering the services Ms G wants to access.

## **What happened**

I would like to note that not all documentation or points of contact have been specifically referenced below. I would however like to reassure all parties that all the information and commentary provided has been fully considered in reaching this decision.

Following the sad passing of her husband, Ms G wrote to IISL on 25 February 2025 to state that she would like the proceeds of her late husband's pension to be transferred into a pension in her name. The application form enclosed with the cover letter confirmed that Ms G had discussed this with her financial adviser, and that she wanted the proceeds to be transferred in-specie as stocks and shares, rather than as cash.

On 7 March 2025 IISL informed Ms G that she had been named the beneficiary of her late husband's pension. The letter suggested that Ms G seek appropriate advice either from a suitably qualified financial adviser, or the Pension Wise service, before deciding what to do.

The options available to Ms G identified in the letter were:

- A lump sum payment
- A dependent or beneficiary drawdown pension
- A dependent or beneficiary annuity
- A combination of the above.

On 27 March 2025 IISL wrote to Ms G to confirm that her new pension account with them was now open.

In April 2025 IISL wrote to Ms G to confirm that they had received an information request from her Independent Financial Adviser ('IFA'). The letter explained that it was IISL policy not to provide information to third parties – to protect their policyholder's information – but that they could provide any information required directly to Ms G.

Ms G wanted a pension provider who would allow a third-party adviser to manage the SIPP on her behalf, and as IISL had confirmed their company policy was not to deal with third parties, Ms G tried to transfer her pension away to another provider in June 2025.

Unfortunately, this transfer could not proceed as the new pension provider would not accept

one of the investments held within Ms G's SIPP. One of the investments which had previously been purchased by Mr G (and was now part of Ms G's SIPP) was a Russian investment which had since become the subject of sanctions.

As a result of this, the new pension provider refused to accept the Russian asset and the transfer was cancelled.

It was subsequently clarified that the asset could not be sold or written off (again due to the sanctions) and as such it was unlikely that any other provider would accept a full transfer of the assets within the SIPP.

Additionally, as Mr G had fully crystallised his pension before he passed away, a partial transfer of the investments within Ms G's SIPP was not possible either.

Finding herself unable to transfer away to another provider, and with IISL's product offering not meeting her requirements, Ms G registered a complaint with IISL in August 2025.

In their complaint response IISL stated that they had not provided any advice to Ms G about the suitability (or otherwise) of the investments moved from her late husband's pension to her own, and that they did not consider themselves responsible for Ms G's inability to transfer away. IISL explained that the fund preventing the transfer was sanctioned and that they had no control over this. Additionally, it was the pension tax rules which prevented a partial transfer to another provider – again something which they had no control over.

Ms G did not accept IISL's response and asked this service to look into her complaint.

Whilst under investigation by this service IISL offered to suspend their account fees for 12 months to give Ms G time to make alternative arrangements.

Ms G did not accept this offer.

Our investigator looked into things and concluded that IISL had not acted unreasonably. The investigator concluded that the sanctioning of the Russian investment (and the impact this had on Ms G's ability to transfer her pension) was outside of IISL's control. In addition, the fact that a partial transfer was prevented by HMRC rules was also something IISL could not be held responsible for.

Ms G remained of the opinion that she had not been treated fairly and did not accept our investigator's outcome.

As no agreement could be reached the case has been passed to me for a final 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 would firstly like to explain the role of The Financial Ombudsman Service. We are an informal complaint resolution service that looks to settle issues between a business and one of its customers when they do not agree.

In cases where I find a business has done something wrong, the redress instructions I give are intended to place that customer into the position they would most likely have found themselves in, were it not for that business's error.

However, The Financial Ombudsman Service does not regulate the financial services industry. We do not set the rules which businesses must adhere to. We do not have the power to instruct a business to change the way it operates, change its internal processes, or alter the products and services it offers. Additionally, any redress instructions I give cannot seek to in any way punish a business.

As part of her submissions to this service Ms G has stated that IISL have repeatedly stated that they cannot provide her with any advice, only to then contradict themselves by advising her to follow certain courses of action.

To clarify this, I would explain the difference between what would be considered regulated financial advice and general information.

To provide regulated financial advice a business must have the appropriate permissions from the FCA. Advising a customer on how risky an investment is, whether an investment is suitable for a customer or not, what alternative provider a customer could look to utilise could all be considered regulated financial advice. IISL do not have the relevant permissions to provide such advice and as such it is entirely reasonable that they have not sought to do so during the chain of events identified above.

The 'general' advice IISL have provided Ms G with has been limited to recommending Ms G seek the services of an appropriately qualified financial adviser to assist her in making decisions about the pension in question.

Whilst I can appreciate the confusion caused by IISL stating that they cannot provide advice, whilst at the same time being told that they recommend certain courses of action, IISL's actions are in line with what I would expect in circumstances such as these. IISL cannot provide Ms G with advice that would help her make suitable decisions regarding the inherited pension, and as such recommending that Ms G seek the services of someone appropriately qualified is something I consider entirely appropriate.

I have full sympathy for the difficult position Ms G finds herself in, and I appreciate that none of this is of her making. However, I do not consider it to be of IISL's making either.

The sanctioned investment was in place before Ms G inherited the pension. IISL had no hand in its purchase (other than actioning the purchase request when it was made by the late Mr G) and as such they are not responsible for the consequences of it now being held.

Whilst the value of the sanctioned investment is a very small part of the overall pension portfolio now held by Ms G, it cannot simply be written off to remove the issues it causes. Additionally, the fact the pension Ms G inherited had been fully crystallised means that a partial transfer is not possible. As our investigator has already explained, this is due to HMRC rules and is not something IISL can circumvent or have any control over.

Overall, in line with what our investigator has already said, whilst Ms G's frustration with the situation she is in is entirely understandable, IISL cannot be held responsible for the Russian investment being held, the sanctions placed upon it, or the fact that a partial transfer is not possible. Additionally, it is not for this service to demand that IISL changes its business offering and allow Ms G's third party (her adviser) to manage her IISL account on her behalf.

I have gone on to consider Ms G point questioning why IISL did not provide additional information earlier regarding the sanctioned investment and the potential impact on her future options.

Whilst IISL could have provided such additional information I don't think this would have

ultimately altered the situation Ms G now finds herself in.

Firstly, IISL would have been limited in what information could be provided before Ms G was nominated as the beneficiary of Mr G's SIPP in March 2025. Post this decision, it would have been possible for IISL to provide information about the funds held within the pension, highlighting the fact that the Russian investment was the subject of sanctions.

However, the documentation submitted by Ms G in February 2025 (before the decision on the ultimate beneficiary had been made) notes that Ms G had already discussed the pension with her adviser and that she had decided on a beneficiary SIPP and an in-specie transfer. I would have expected any adviser in general to consider the underlying investments held at that time.

Whilst I accept that IISL could have furnished Ms G with more information earlier in the process outlined above, and believe that had this been done this may have better managed Ms G's expectations around the situation she was going to inherit, overall I do not believe this would have impacted where Ms G ultimately ended up.

As such, in line with the outcome already explained by our investigator, I am not upholding this complaint and require no further action from IISL in this matter.

### **My final decision**

I am not upholding this complaint against Interactive Investor Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 28 April 2026.

John Rogowski  
**Ombudsman**