

Complaint

Mr K complains that Financial Administration Services Limited (trading as 'Fidelity') delayed his switch from an existing self-invested personal pension ('SIPP') to another SIPP.

Background

Mr and Mrs K had separate SIPPs and Individual Savings Accounts ('ISAs') that were administered by Fidelity. In September 2018 they sought advice from an independent financial adviser, 'S', as they wanted to move away from self-managing their pensions and use a discretionary fund manager ('DFM') instead.

In order for S to make the recommendation, it asked for information about Mr and Mrs K's existing arrangements. However, S had difficulty obtaining all of the information it needed because Fidelity didn't send the appropriate authority form for Mrs K to the SIPP provider. Although it received all of the necessary information relating to Mr K's SIPP promptly, it didn't receive Mrs K's information until 22 November 2018.

S instructed Fidelity to sell the assets held within Mr and Mrs K's accounts to cash on 21 December 2018. Mr and Mrs K instructed S to start the transfer process to the new SIPP provider in January 2019.

Mr K made a complaint to Fidelity about the delays, which he said had caused the value of their accounts to significantly drop. He said S had made the recommendation to switch to an alternative provider on 8 October 2018 but they couldn't proceed until S had all the information it had requested.

Fidelity didn't uphold Mr K's complaint, saying that it had provided all of the information S had requested in respect of his accounts by 2 October 2018. It said it couldn't be held responsible for Mr K's decision not to transfer his funds or sell the investments to cash sooner. Fidelity provided a final response to Mrs K, upholding the complaint and offering £500 compensation for the delays.

Mr and Mrs K didn't accept this and referred their complaint to our service. Mr K said that his complaint and Mrs K's complaint had to be considered as one. He said he couldn't transfer his funds to the new SIPP provider on his own as he and Mrs K were opening a joint SIPP which had a minimum investment of £250,000. So, he said both accounts needed to be transferred at the same time. Mr K maintained that Fidelity was directly responsible for their losses.

Mr and Mrs K's complaints were considered by our service separately as the accounts with Fidelity were separate.

Our investigator didn't uphold Mr K's complaint. He said the new SIPP provider had confirmed that Mr K could've transferred his funds to the joint SIPP first, on the understanding that Mrs K's funds would follow. So, the investigator was satisfied Mr K could've transferred his SIPP funds any time from 8 October 2018, when he said the recommendation had been made. The investigator also noted that Mr K's ISA funds weren't transferred to the new provider and were instead taken as cash, so he could've done this at any time. For this reason, he didn't think Fidelity was responsible for any drop in value.

Mr K didn't agree. He said with hindsight it was easy to say that he should've gone ahead with his transfer, but he honestly believed the missing information for Mrs K's account would arrive 'the next day'. He said he wasn't made aware he could've proceeded with his transfer alone (given the minimum investment required).

The investigator didn't change his opinion. He noted that Mr K might not have known he could transfer his pension without Mrs K's funds, but this was an option available to his adviser, S. As no agreement could be reached, the complaint was passed to me to make a final decision.

My findings

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 not upholding it.

Mr K doesn't dispute that S had received all of the information relevant to his SIPP and ISA accounts by the time he met with S on 8 October 2018. However, he says that he couldn't proceed with the intended transfer to the new SIPP provider because Mrs K's funds needed to be transferred at the same time to meet the minimum investment requirement of £250,000.

I appreciate that this is what Mr K understood at the time. But Mr K was receiving advice from S throughout, and it was ultimately S that was in control of the transfer. By the time Mr K met with S again on 8 October 2018, his pension had already experienced a loss in value. I've seen evidence showing his SIPP account was valued at £220,521.24 on 19 September 2018, but it had fallen to £216,667.83 by 8 October 2018 due to market volatility. And I think S ought to have known Mr K's accounts would be subject to fluctuations in value during this time. So, even though S was waiting for information relating to Mrs K's accounts, it had everything it needed to proceed with Mr K's transfer. And it ought to have known that the value of Mr K's accounts could decrease if it delayed proceeding with the transfer.

S had options at this point. It could've instructed Fidelity to sell the investments to cash in the meantime. Or it could've enquired with the new provider to see whether it would accept Mr K's funds up front. Had it done so, it would've found that the new SIPP provider was happy to accept Mr K's funds up front, on the understanding that Mrs K's funds would shortly follow. I think that would've been a reasonable enquiry to make in the circumstances given it was unclear how much longer it would be before it obtained all of the information it had requested. And this would've protected the value of Mr K's accounts. However, it was also possible that the investments could've recovered, and could've potentially increased in value. This is an inherent risk of the timing of any transfer from one provider to another.

Ultimately I don't think Fidelity has done anything wrong here. It provided S with the information it requested in respect of Mr K's accounts within a reasonable timescale. So, S had everything it needed to proceed with Mr K's recommendation by 2 October 2018. I appreciate why Mr K's transfer didn't go ahead until later, but I don't think it is fair to hold Fidelity responsible for the decrease in the value of Mr K's investments during this time.

With regard to Mr K's ISA, I note this didn't form part of S's recommendation and it appears the funds were taken as cash rather than invested with the new SIPP provider. The information relating to the ISA was provided by Fidelity promptly. So, Mr K could've sold the ISA investments to cash at any time. For this reason, I don't think Fidelity caused any loss here.

My final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 January 2021.

Hannah Wise
Ombudsman