

Ombudsman's Determination

Applicant	Mrs D
Scheme	Fidelity SIPP
Respondents	Fidelity International Ltd (Fidelity) Standard Life

Outcome

- Mrs D's complaint is upheld and to put matters right Standard Life shall pay any shortfall in the current value of her Fidelity SIPP had the correct amount been transferred in October 2016.

Complaint summary

1. Mrs D has complained that Standard Life incorrectly deducted fees from her Fundsnetwork SIPP before she transferred her benefits to her Fidelity SIPP.
2. Mrs D believes her Fidelity SIPP would have achieved more investment growth if the fees had not been deducted. Standard Life has offered her redress, but Mrs D does not believe it is sufficient.

Background information, including submissions from the parties

3. Mrs D previously had a Fundsnetwork SIPP, which was a Fidelity product administered by Standard Life.
4. From 2016, under the terms and conditions of the Fundsnetwork SIPP, Mrs D was eligible for a financial promotion and that Standard Life's Yearly Administration Charge (**the Fee**) would not be chargeable. The Fee was normally payable in arrears.
5. On 21 July 2016, Standard Life incorrectly deducted the Fee from Mrs D's Fundsnetwork SIPP. In particular, it deducted £303 from a cash account linked to her Fundsnetwork SIPP for the year 2015/2016.
6. Shortly afterwards, Mrs D requested to transfer the benefits she held under her Fundsnetwork SIPP to her Fidelity SIPP.

7. On 1 September 2016, Fidelity wrote to Mrs D to confirm her transfer was in progress.
8. On 5 October 2016, Fidelity wrote to Mrs D to confirm her transfer had been completed. At the point of transfer, Standard Life deducted £315 from Mrs D's benefits to pay for the Fee for the year 2016/2017. As with the previous Fee, this Fee was deducted from cash held within the Fundsnetwork SIPP.
9. In October 2018, Standard Life completed a remediation exercise, through which it discovered that it had incorrectly deducted two years' worth of fees from Mrs D's Fundsnetwork SIPP before the transfer.
10. On 18 June 2019, Standard Life wrote to Mrs D regarding its error. Standard Life confirmed that £618 had incorrectly been deducted from her Fundsnetwork SIPP before the transfer. It confirmed that it would pay this amount into her Fidelity SIPP, together with interest of £26.06.
11. Standard Life has stated that the above letter would have been sent to Mrs D on Fidelity headed paper.
12. On 25 June 2019, Standard Life paid £644.06 into Mrs D's Fidelity SIPP.
13. On 27 June 2019, Mrs D raised a complaint with Standard Life. In particular, she stated that interest of £26.06 was not sufficient redress, as her Fidelity SIPP had often achieved double digit investment returns since the transfer.
14. On 15 July 2019, Standard Life wrote to Mrs D and acknowledged her complaint. It said it was working with Fidelity to assess the matter. Around the same time, Standard Life contacted Fidelity for its response on Mrs D's complaint.
15. On 25 July 2019, Fidelity sent Mrs D a holding letter. It apologised for not yet providing a response to her complaint and highlighted how she could escalate her complaint if it had still not responded by the end of an eight week period.
16. On 30 July 2019, Mrs D chased for a response from Standard Life.
17. On 31 July 2019, Standard Life responded to Mrs D. It said her complaint had been referred to Fidelity and it would ask Fidelity to respond to her.
18. On 5 August 2019, Mrs D again chased for a response from Standard Life.
19. On 6 August 2019, Fidelity wrote to Mrs D with its response to her complaint. It confirmed that it had forwarded her complaint to Standard Life, so that Standard Life could comment on the error it had made.
20. Fidelity confirmed that Standard Life had paid interest calculated using the base rate at the time for the period in question, which was 1%. Fidelity stated that it believed this was an appropriate way of calculating redress where it was not otherwise known what investment returns would have been.

21. Fidelity also stated that Standard Life would consider paying further redress, if Mrs D were to provide evidence of a more accurate investment return.
22. Fidelity offered Mrs D £100 for any trouble and upset caused.
23. Mrs D did not accept the offer and escalated her complaint

Adjudicator's Opinion

24. Mrs D's complaint was considered by one of our Adjudicators who concluded that further action was required by Fidelity and Standard Life The Adjudicator's findings are summarised below:-
 - There was no dispute that maladministration had occurred, as Standard Life had confirmed that £618 was incorrectly deducted from Mrs D's Fundsnetwork SIPP before her transfer in October 2016.
 - Mrs D had not missed out on investment performance loss before the transfer, as the Fees were deducted from cash held within her Fundsnetwork SIPP.
 - Fidelity should have established how the additional £618 would have been invested, had it been part of the transfer. Fidelity said that Mrs D switched investment funds several times following the transfer, but this would not render investment performance loss calculations impossible.
 - Standard Life said it would consider further compensation if Mrs D could provide evidence of investment loss. While Mrs D may have been able to provide this, Standard Life should have worked with Fidelity to establish the loss and rectify its error. It was not reasonable for Standard Life to rely solely on Mrs D to provide evidence which it could have obtained from Fidelity.
 - The evidence indicated that neither Standard Life nor Fidelity took full ownership of Mrs D's complaint once she raised it, and both should have been more proactive in obtaining the information needed to calculate a reasonable level of redress for Mrs D.
 - Fidelity had the information required to calculate the financial loss for Mrs D, and it ought to carry out the relevant calculations and confirm these to Standard Life. As Standard Life was responsible for the original error, it should be the party to pay any redress due.
 - The minimum amount for non-financial loss awarded by The Pensions Ombudsman's Office is £500. This matter would have caused Mrs D a level of distress and inconvenience, but the Adjudicator did not believe the minimum award of £500 was warranted.
25. Mrs D did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. In particular, Mrs D said:-

- She was not aware any of her funds were being held as cash within her Fundsnetwork SIPP. She has always instructed all contributions to be invested. Now it has come to light that not all her contributions were invested, she would like this investigated.
 - She has waited six years for this matter to be resolved, and in the meanwhile it has caused her significant stress. She believes at least £500 is warranted in recognition of this.
26. Fidelity and Standard Life accepted the Opinion. In particular, Fidelity has agreed to calculate what Mrs D's Fidelity SIPP would have been worth if an additional £618 had been transferred into it and invested from October 2016, and Standard Life has agreed to pay the difference.
27. Fidelity and Standard Life have also confirmed that Mrs D's transfer included a small cash amount, as well as an in-specie transfer for the majority of her benefits. The cash transfer was negligible in comparison to the overall value of the transfer, and Fidelity has not evidenced that Mrs D continued to hold cash within the Fidelity SIPP following the transfer.
28. I agree with the Adjudicator's Opinion and will only respond to Mrs D's additional points.

Ombudsman's decision

29. It is clear that the Fees were deducted from cash before the transfer in October 2016. The Fees were not otherwise invested, and so Mrs D has not missed out on any performance loss because of £303 and £315 being incorrectly deducted in July and October 2016.
30. Mrs D has said that all the funds in her Fundsnetwork SIPP should have been invested. However, that is a separate matter and Mrs D will need to raise it with Standard Life as a new complaint in the first instance if she would like it investigated.
31. Mrs D has said that she always ensured all her benefits under her Fidelity SIPP were invested, and so if the additional £618 had been transferred it would have been invested.
32. Fidelity has not provided any evidence to dispute what Mrs D has said, and instead it has agreed to calculate the additional growth Mrs D's Fidelity SIPP would have achieved if an additional £618 had been transferred and invested. I agree with this conclusion.
33. It is unfortunate that Standard Life and Fidelity did not offer to calculate investment performance loss for Mrs D earlier. However, I do not agree that this has caused her six years of stress.

34. This complaint concerns the Fees which were incorrectly deducted in July and October 2016. Although the Fees were deducted over five years ago. Mrs D only became aware of the error when Standard Life wrote to her in June 2019. Fidelity then provided a response to her complaint by August 2019.
35. So, while Mrs D did not receive the response she wanted, the respondents did respond to her complaint within a reasonable time.
36. Although I agree that Standard Life and Fidelity could have settled the matter more quickly, I also find that Mrs D could have been more proactive if she was experiencing significant distress because of this matter remaining unresolved. For example, she could have sent Standard Life the information it had offered to review when it originally responded to her complaint. Mrs D told Standard Life that she had achieved a high return from her Fidelity SIPP since the transfer, but she did not provide any evidence to Standard Life in support of this statement.
37. Mrs D has had other disputes with Standard Life and Fidelity regarding her Fundsnetwork SIPP and Fidelity SIPP respectively, which she has referred to my Office. However, my Office has previously dealt with those other complaints and I am not considering them again here.
38. I do not find that the minimum award for non-financial loss is warranted. Mrs D should approach Fidelity directly if she now wishes to accept the £100 it has previously offered.

Directions

39. Within 21 days, Standard Life should:
 - establish with Fidelity the additional units, if any, that Mrs D's Fidelity SIPP would now hold if the correct amount had been transferred on 5 October 2016;
 - compare the current notional value of Mrs D's Fidelity SIPP, had those additional units been purchased, with the current actual value; and
 - if there is a shortfall, pay the difference to Mrs D's Fidelity SIPP.

Anthony Arter

Pensions Ombudsman
2 September 2021