

Ombudsman's Determination

Applicant	Mrs M
Scheme	The Scottish Investment Trust SIPP (the SIT SIPP)
Respondent	A J Bell Management Ltd (A J Bell)

Outcome

1. I do not uphold Mrs M's complaint and no further action is required by A J Bell.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mrs M complains that A J Bell, the SIT SIPP administrator, failed to invest the £29,000 net contribution which she paid into the SIT SIPP in September 2016, as instructed. As a result, AJ Bell should compensate her for any investment loss which she has incurred up to the current date.

Background information, including submissions from the parties

4. Mrs M signed the SIT SIPP Application Form (**the Form**) on 10 July 2016. By doing so, Mrs M declared to A J Bell that:
 - she had "read and understood the SIT SIPP Key Features, Scheme Terms and Conditions and Service Terms and Conditions";
 - she agreed to be bound by both the SIT SIPP Terms and Conditions and the Scheme Rules which she had the opportunity to consider (as amended from time to time); and
 - she agreed to be bound by the Halifax Share Dealing Terms and Conditions relating to the operation of an appropriate dealing account for the SIT SIPP.
5. On the back of the Form, it showed distinct contact addresses to use for (a) SIT SIPP administration services and (b) SIT SIPP dealing and stockbroking administration services enquiries/instructions as follows:-

SIPP administration services

The SIT SIPP
Halifax Share Dealing SIPP Administration Team
A J Bell Management Limited
Trafford House
Chester Road
Manchester
M32 0RS

SIPP dealing and stockbroking administration services

The SIT SIPP (HSDL Administration Team)
Halifax Share Dealing Limited
Lovell Park Road
Leeds
LS1 1NS

6. The SIT SIPP Terms and Conditions for Pension Administration Services provided by A J Bell showed, under the section headed “A J Bell’s services”, what administrative services it would provide, either directly, or through a third party which did not include placing deals within the SIT SIPP. The section of this document entitled, “Dealings and Investment”, confirmed that it was Halifax Share Dealing Limited (**Halifax**) and not A J Bell which provided “an execution only service for the purchase and sale of Permitted Investments...” On the back of this document the different contact addresses for A J Bell, in Manchester (SIPP administration enquiries, and for Halifax in Leeds (SIPP dealing and stockbroking administration enquiries), were also shown.

7. In its letter dated 27 July 2016, A J Bell informed Mrs M that:

“I am pleased to confirm that your application has been accepted and your share dealing account and SIPP records have now been established.

All enquiries regarding pension matters such as retirement benefits, contributions or the transfer of benefits, will be handled by me or my colleagues in the SIPP Administration Team. The contact details are shown above and at the end of this letter.

Our partners at Halifax will handle any enquiries you may have that specifically relate to your share dealing account, for example the purchase and sale of shares, stamp duty or your ongoing cash balance. If you have not already heard from them, they will contact you shortly to confirm their details and certain security requirements to enable you to commence dealing...”

8. In her letter dated 21 August 2016, sent to A J Bell’s address in Manchester. Mrs M wrote:

“Can you please sell £29,000...worth of shares in the SIT ISA Account number...Can you then invest the proceeds of the sale in the SIT SIPP Account number...”

9. A J Bell replied by e-mail dated 30 August 2016, to Mrs M as follows:

“I have been in contact with the stockbrokers regarding your request to disinvest in assets and contribute the resulting funds into your SIPP.

It has been confirmed to me that you will have to contact the stockbrokers directly on 03458 500181 to arrange the disinvestment. They also confirmed to me that they are only able to make a payment into a bank account in your name so will be unable to send the funds to us to make the contribution.

If you do wish to contribute the resulting funds then you will have to make payment to us from your bank account. We will also require the attached form completed and returned to us when the contribution is made.

I can confirm we are able to accept the completed contribution form via e-mail. We are also able to accept a contribution paid to us via bank transfer to the following details...”

10. It was not until October 2017, when Mrs M decided to make an in-specie transfer of her pension investments held in the SIT SIPP to another SIPP administered by A J Bell, that she says she first discovered that the £29,000 had not been invested.

11. Mrs M says that:-

- since the addresses for A J Bell and Halifax both have “SIT”, “Halifax” and “Administration Team” in them, in her view, the correspondence she received concerning the SIT SIPP did not come from two distinct companies; and
- she provided clear instructions in her letter of 28 August 2016, that she wanted to invest the £29,000 in the SIT SIPP.

12. She also says that:

“When should I have provided the written instructions to the Leeds address given that I did not know how long it would take the people at the other address to process the money I had sent them and so may have been giving an instruction for an investment that could not be made as the money had not been processed?”

Adjudicator’s Opinion

13. Mrs M’s complaint was considered by one of our Adjudicators who concluded that no further action was required by A J Bell. The Adjudicator’s findings are summarised briefly below:-

- A J Bell had made Mrs M sufficiently aware that the onus was on her to write to Halifax at its Leeds address to provide her investment instructions for the £29,000 net contribution paid into SIT SIPP in September 2016.

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- Regrettably Mrs M failed to do this and without any specific investment instructions from her to Halifax, the £29,000 remained held as cash in the SIT SIPP.
 - A J Bell cannot be blamed for this omission because it was the consequence of an oversight on Mrs M's part.
 - A J Bell are entitled to establish its own procedures for the administration of the SIT SIPP which unfortunately Mrs M failed to follow completely when providing investment instructions.
14. Mrs M did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mrs M provided her further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mrs M for completeness.

Ombudsman's decision

15. Mrs M's additional comments are essentially as shown in paragraphs 11 and 12 above.
16. There are two distinct companies involved with the SIT SIPP. A J Bell is responsible for its administration only which does not include dealing and stockbroking services. These are offered separately by Halifax.
17. I consider that it is clear from the SIT SIPP documentation which Mrs M received that:-
- Halifax and not A J Bell was responsible for providing her with an execution service for the purchase and sale of permitted investments in the SIT SIPP;
 - she should provide investment instructions directly to Halifax; and
 - A J Bell and Halifax have different contact addresses in Manchester and Leeds respectively.
18. A J Bell are entitled to specify the administration services it offers for the SIT SIPP, which does not include placing investment deals within the SIT SIPP on her behalf with Halifax.
19. In her letter dated 21 August 2016, sent to A J Bell's Manchester office, Mrs M requested that it should sell £29,000 worth of shares in her SIT ISA and reinvest the proceeds in the SIT SIPP. This was a mistake on Mrs M's part since she should have clearly sent this letter to Halifax at its Leeds office.
20. A J Bell, in its e-mail dated 30 August 2016 to Mrs M, confirmed that she should contact Halifax, and not it about the disinvestment of assets held in her SIT ISA, but did not also remind her that her investment instructions for the SIT SIPP should also be sent to Halifax.

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21. It was, in my view, reasonable for A J Bell to expect that Mrs M should have known that she had to also provide Halifax directly with her specific investment instructions, and her failure to do so has resulted in the unfortunate circumstances which she now finds herself.
22. I do not consider that there has been any maladministration on the part of A J Bell for the reasons I have given.
23. I do not uphold Mrs N's complaint.

Anthony Arter

Pensions Ombudsman
29 August 2018