

Ombudsman's Determination

Applicant	Mr L
Scheme	Fidelity FundsNetwork SIPP (the SIPP)
Respondents	Fidelity

Complaint summary

Mr L has complained that Fidelity delayed the transfer of the SIPP to A J Bell unnecessarily and that this has resulted in a financial loss.

Summary of the Ombudsman's decision and reasons

The complaint is not upheld against Fidelity as the transfer request should have been submitted to FundsNetwork. Although Fidelity has provided some conflicting information over the transfer process, I do not find it is sufficient to warrant an award to Mr L.

I do not find that Fidelity can be held responsible for delaying the transfer between 4 and 21 December 2017, as it was Mr L's responsibility to advise A J Bell that the SIPP was administered by Standard Life and to address the transfer request to FundsNetwork. Following Mr L's intervention on 21 December 2017, Fidelity completed the transfer by 15 January 2018, which I do not find unreasonable allowing for the Christmas and New Year period.

Detailed Determination

Material facts

1. In December 2017, Mr L decided to transfer the cash he held in the SIPP to another SIPP he had with A J Bell which was also invested in cash. His instruction to A J Bell was to invest both cash sums in Amazon stock immediately. The reference number he provided to A J Bell for the SIPP was D*****6000.
2. On 4 December 2017, A J Bell contacted Fidelity to process the transfer through Origo. Fidelity issued a rejection notification to A J Bell on 5 December with the message "Unable to locate client, please provide the correct ceding reference starting with 20000."
3. On 20 December 2017, Mr L contacted A J Bell to confirm whether the investment in Amazon had been made and was informed that the transfer from the SIPP had not been made due to the wrong reference being given.
4. Mr L called Fidelity on 21 December 2017, and spoke to a representative. Mr L says the representative was able to locate his account without too much difficulty and confirmed that he did not have a SIPP with a reference starting with 20000. The representative agreed to escalate the matter and apologised for the mistake.
5. Mr L says that over the next three weeks he regularly called Fidelity as the funds had not been transferred. He finally managed to obtain an email address at Fidelity and on 11 January 2018, he emailed Fidelity to say that he was incurring significant losses due to its failure to progress the transfer. This email triggered some activity at Fidelity who contacted A J Bell. The SIPP funds were transferred to A J Bell on 15 January 2018.
6. On 26 January 2018, Mr L raised a complaint with Fidelity and asked to be reimbursed for his losses which he estimated to be £8,270. He also asked for copies of the recordings of his calls to Fidelity.
7. Fidelity did not accept Mr L's complaint and said that the SIPP was administered by Standard Life and the transfer request should have been directed to Standard Life and not Fidelity. The transfer was completed within 12 business days which it felt was acceptable. Mr L also received two disks regarding the calls, one of which he could not open and the other contained a number of other customer calls. Mr L therefore brought his complaint to The Pensions Ombudsman (**TPO**).
8. Fidelity has provided copies of Mr L's application form and copies of the Terms and Conditions and Key Features document that cover the SIPP. The application form says that the SIPP is provided by Standard Life. When Mr L completed the application form he signed to confirm his agreement to a number of declarations including:-

"I declare that I have read the 'SIPP Terms and Conditions (**FSIPP62**)' and 'SIPP Key Features Document (**FSIPP17**)' and agree to be bound by them."

9. Paragraph 1 of the Terms and Conditions document FSIPP62 says:

“The contact details for FundsNetwork are set out below.

Call: 0800 358 4060.

Write: FundsNetwork, Oakhill House, 130 Tonbridge Road, Hildenborough, Kent TN11 9DZ.

Please have your plan details ready when calling. Calls may be recorded/monitored to help improve customer service.”

10. Paragraph 2 of the Terms and Conditions document FSIPP62 says:

“The scheme was set up under a trust dated 14 September 2005 and made by The Standard Life Assurance Company with Standard Life Trustee Company Limited as the first trustee and The Standard Life Assurance Company as the first scheme administrator. The current scheme administrator is Standard Life Assurance Limited.”

11. The SIPP Key Features document says on page 2:

“Who administers my pension plan?

Your pension plan is administered by Standard Life Assurance Limited.”

Summary of Mr L's position

12. Mr L says the management of his investment was required to be through FundsNetwork and all of the contact information provided to him refers to FundsNetwork. It is explicitly set out in the Key Features Document which was provided at the time he signed the Agreement. This states in bold that **“FundsNetwork will act as the distributor of the SIPP, and you should send applications and any correspondence once your SIPP has been set up to FundsNetwork.”**
13. There are no contact details for Standard Life in the Key Features Document which is consistent with the instruction that everything should be routed through FundsNetwork.
14. The key point is that FundsNetwork, by inserting itself between the investor and Standard Life and not giving investors access to Standard Life, assumed responsibility for ensuring instructions are actioned promptly and that if there is a problem, it has a responsibility to liaise with its investor and client.
15. Whether FundsNetwork should have been more proactive between 4 December and 21 December 2017, is debatable. However, having raised the issue on 21 December 2017, FundsNetwork had all the facts it needed to expedite the transfer. Whilst the call on 21 December 2017, was at 11.11 am, FundsNetwork still had the better part of two working days to resolve the matter before Christmas. The person

he spoke to on 21 December 2017, highlighted resolving the issue was an entirely separate matter from dealing with a complaint which he accepts may take several days. It is only when he emailed FundsNetwork on 11 January 2018, at 14.40, that action was taken, and the transfer was made the following day. This shows how simply the matter was resolvable whether it was the festive period or not.

16. The losses have occurred because:-

- FundsNetwork require that all communication is routed via itself, as set out in the Key Features Document, when it turns out that instructions to transfer should be sent to Standard Life. This is a fundamental contradiction and unless FundsNetwork provide a high quality service it causes delay and potential losses. If the documentation had instructed him to go directly to Standard Life this would not have happened.
- The Policy number is a complete 'red herring'. The D*****6000 code was evidentially sufficient for the member of the pensions team on 21 December 2017, and the recipient of the email to track the transaction and to action it.
- Despite the urgency of the matter, FundsNetwork never called him back despite repeated promises to do so. He made nine calls and particularly on 29 December 2017, when he tried three times to get FundsNetwork to engage with him.
- Fidelity is a very significant organisation which is providing regulated activities and as such is expected to provide high quality services to allow individuals to manage their SIPP efficiently and on a timely basis. If he had not emailed Fidelity on 11 January 2018, he has no doubt that the matter would have continued to be ignored.

17. Mr L says he has always dealt with his complaint professionally. As he has highlighted to the Adjudicator he is extremely concerned that a regulated organisation should accuse an individual of 'bending the truth', which is to say that he is lying. This is unacceptable and is also a totally false accusation. It goes further to reinforce his belief that FundsNetwork know that it has failed to provide an acceptable service and are now resorting to clear 'bullying tactics' to cover up. Mr L has asked that before he raises this issue with the FCA, he would like to know what TPO intends to do about this?

18. Mr L also says that the key question to be answered is, was he, as an investor, given clear and uncontradictory instructions as to how he should withdraw his funds in a timely manner? The answer to this is clearly no. It is clear from the complaint process that Fidelity itself does not know what its processes are. The communication with him as an investor both written and in the calls with FundsNetwork was unacceptably contradictory and is the sole reason for the delay from the point when the transfer was initiated on 4 December 2017, and the consequential demonstrated loss. There are no grounds for suggesting he did anything 'wrong' in the context of this confusion and as such there is no justification

for holding him responsible for sorting out the issue. He did try to do so through the multiple unreturned calls he made after 21 December 2017. The responsibility and liability lies completely with Fidelity, a very major funds manager. For TPO to be defending this unacceptable service would seem irreconcilable with its purpose, to protect investors from such woeful service.

Summary of Fidelity's position

19. Fidelity say that all of the administration services for the SIPP is carried out by Standard Life. As part of its administrative duties, Standard Life is also responsible for the SIPP Bank Account, which is used to make transfer payments to another scheme. This is explained in section 6.6.3 on page 7 of the product's terms and conditions entitled, 'FundsNetwork SIPP provided by Standard Life Terms and Conditions'.
20. Fidelity's SIPP account numbers are ten-digit number starting with a two, for example 2000000123. However, the FundsNetwork SIPP account numbers follow the format used by Standard Life accounts, so start with a D followed by several numbers; in Mr L's case it is D*****6000. Fidelity hold the different products on different administration systems.
21. On 4 December 2017, AJ Bell applied directly to Fidelity for the transfer on the electronic transfer system, Origo, but used the Standard Life reference. A J Bell should have applied to the administrators of the SIPP, Standard Life, rather than the Fidelity platform. It is Fidelity's understanding that in the past, A J Bell and other providers have applied to Standard Life, without issue.
22. The team who received the request from A J Bell are a team who deal solely with Fidelity's own pension product, and do not have access to the Standard Life administration system so were unable to locate Mr L or a Fidelity SIPP in his name. On 5 December 2017, Fidelity sent a rejection message to A J Bell explaining it could not find an account with that reference and asked for one following the 20000... format.
23. Fidelity did not hear anything further from A J Bell but on 21 December 2017, Mr L called and complained about the length of time the transfer was taking. A complaint was raised for him and it was agreed to escalate his transfer request. Due to the fact it was the Christmas period, it was not possible to immediately investigate the complaint.
24. On 29 December 2017, Mr L called again for an update on his complaint and transfer. A representative agreed to investigate and call him back, which he did later that day. The representative explained there was no update on the transfer, so would escalate it again. Unfortunately, as it was the Christmas period Fidelity was unable to look into this. Had it been picked up, the team would have reiterated what it told A J Bell on 5 December 2017; Fidelity-administered pension products, which it deals with start with 20000.

25. On 11 January 2018, Mr L's complaint was accepted by the complaints team. Following investigation of the issue, the complaints team found that A J Bell had directed its request for a SIPP transfer directly to Fidelity rather than to Standard Life. As A J Bell had not responded to the initial rejection five weeks earlier, and despite the normal procedure that the ceding scheme does not chase the new provider, Fidelity called A J Bell that day and explained it needed to re-apply to Standard Life. A J Bell reapplied and Standard Life released the money to AJ Bell later that day.
26. To conclude, Fidelity responded to A J Bell's transfer request within 24 hours of its request, explaining a SIPP could not be found using the reference it had provided. If the new scheme is unsure of the resolution, it is industry standard to contact the existing provider or the client to resolve such issues. A J Bell failed to contact either party; Mr L confirmed, in his complaint to TPO, that he had to contact A J Bell on 20 December 2017.
27. As the ceding scheme, it is not Fidelity's responsibility to chase the new provider to progress the transfer after a response to a request has been made, but Fidelity did so on 11 January 2018, and the transfer completed shortly after this.
28. When Mr L initially contacted Fidelity on 21 December 2017, it was not possible to investigate his query over the Christmas period. Had it been raised through the normal channels when he called again on 29 December 2017, it would have been assessed and routed to the correct team within a day, which would have been by 2 January 2018. It would then have been picked up within 5 working days by the operations team. A response would have been passed to the phone associate Mr L spoke to by 9 January 2018, and she would have called him back within 48 hours, which is by 11 January 2018.
29. Whilst it is regrettable that Mr L was not told Fidelity would be unable to fully investigate his query over the Christmas period, it would not have changed the time in which Fidelity investigated the matter or completion of the transfer.
30. While it is recognised that Mr L is disappointed that the transfer took as long as it did, it was completed within 5 weeks which is quicker than normal. It is evident from the product terms that Standard Life is the pension provider and Fidelity provides the investment platform; the document title itself confirms it is 'provided by Standard Life'. Fidelity's actions did not delay this transfer.

Conclusions

31. One of my Adjudicators has previously issued an Opinion on this complaint where he believed there were two important questions which would determine its outcome. Firstly, did Mr L have sufficient information to know that the SIPP was administered by Standard Life and that the transfer request should be directed to FundsNetwork or Standard Life; and secondly whether Fidelity could have completed the transfer in a shorter timeframe. I find that there is another important aspect of the complaint

that should also be considered namely, what was the correct procedure for submitting the transfer request and the responsibilities of the respective parties.

32. Mr L has pointed out that the Key Features Document (**KFD**) says that, "FundsNetwork will act as the distributor of the SIPP, and you should send applications and any correspondence once your SIPP has been set up to FundsNetwork." The KFD together with the application form formed part of the contract that Mr L entered into when taking out the SIPP.
33. It is clear from the KFD and Terms and Conditions document FSIPP62 that any requests for information including transfers should be directed to FundsNetwork. The FSIPP62 document contains a contact number and address. The application form that Mr L completed says quite clearly that the SIPP is provided by Standard Life.
34. Mr L should have been aware that Standard Life administered the SIPP and that requests for transfers should be addressed to FundsNetwork. I find, on the balance of probability, that when Mr L wanted to arrange the transfer he did not ask A J Bell to contact FundsNetwork or advise it that the SIPP was administered by Standard Life. As a result, A J Bell made the transfer request via the Origo system direct to Fidelity.
35. The Origo request from A J Bell was rejected by Fidelity as the policy number quoted did not accord with Fidelity's numbering sequence. Mr L has confirmed that A J Bell did inform him of the Origo rejection and says it was not until Thursday 21 December 2017, that he had the opportunity to contact Fidelity. Mr L's call was timed at 11:09 and after some investigation by the call centre staff it was established that it was a SIPP administered by Standard Life. The representative agreed to escalate the issue and raise a complaint. The representative said she would push to have the issue looked at within 48 hours and by Friday afternoon if possible but could not guarantee this. The complaint would normally take up to 5 working days.
36. Fidelity cannot be held responsible for delaying the transfer between 4 December and 21 December 2017, when Mr L contacted Fidelity. A J Bell had addressed the transfer request to Fidelity and not FundsNetwork, as set out in the KFD. Following the rejection AJ Bell contacted Mr L who did not respond immediately and left the matter in abeyance for around two weeks. It does not appear that Mr L was concerned about the delay in processing the transfer during this period.
37. Mr L has also asked if FundsNetwork should have been more proactive between 4 December and 21 December 2017. But as Fidelity has explained in its response, the team that dealt with the transfer request only had access to the Fidelity contracts and not the SIPPS administered by Standard Life. Therefore, Fidelity would have had no reason to refer the question back to FundsNetwork. A rejection slip was issued to A J Bell and the normal procedure would be for it to investigate and resubmit the transfer request.

38. When Mr L contacted FundsNetwork on 21 December 2017, it was identified that the SIPP was administered by Standard Life and the transfer request should have been directed to it. At that stage one option would have been for Mr L to contact A J Bell and ask it to redirect the transfer request to FundsNetwork, but that option was not considered.
39. I acknowledge that the response from Fidelity is contradictory and it was not necessary for A J Bell to address the transfer request to Standard Life. The KFD makes it clear that requests for information including transfers should be sent via FundsNetwork. Therefore, the transfer request should have been directed to FundsNetwork.
40. Mr L contacted Fidelity again on Friday 29 December 2017, and asked for an update on the transfer. The Fidelity representative informed Mr L that there was no update on the transfer and agreed to escalate the matter again. Fidelity say that due to the Christmas period it was not possible to investigate the matter immediately. I have some sympathy with this position as it quite common for businesses to operate with a reduced staff over the holiday period, and due to the way in which the holidays dates fell that year, a number of staff were likely to have been away in the Christmas week between Monday 25 and Friday 29 December 2017. Thus, the earliest reasonable date the complaint could have been reviewed was 2 January 2018.
41. Fidelity says, in the section headed complaints in FSIPP62:
- “We’ll record details of your complaint centrally and make sure your complaint is thoroughly investigated by someone who’s been trained in complaint handling.
- If we’re unable to deal with a complaint within five business days, we’ll issue you with an acknowledgement letter together with a copy of our Internal Complaint Handling Procedures and provide you with regular updates.”
42. Based on this agreed process Mr L could have expected a reply to his complaint by 9 January 2018. Fidelity say the normal procedure would then be for the complaints team to inform the call centre representative who would then get back to Mr L within 48 hours, that is by 11 January 2018. In reality, the complaints team did not look at the issue until 11 January 2018, but it managed to resolve the matter and arrange the transfer that same day. In the circumstances, I do not find that to be unreasonable.
43. The FSIPP62 document also contains a section on transfers and says:
- “If you ask for a transfer under section 15.1, you may suggest the transfer date. We’ll meet that date where it is reasonably practicable for us to do so. We do however need time to make sure that we comply with the requirements on transfers in the rules. And we can’t make a transfer until we’ve sold the assets that we need to sell to provide the transfer payment.”

44. Mr L says that the key question he would like an answer to is, was he as an investor, given clear and uncontradictory instructions as to how he should withdraw his funds in a timely manner? He says that the answer to this is clearly no. I disagree, Mr L was given clear instructions that all correspondence should be sent to FundsNetwork. If Mr L had passed this information to AJ Bell at the beginning of December 2017, it is more than likely that the transfer would have been completed earlier.
45. Mr L has also commented that I am defending this unacceptable service and that this is irreconcilable with my purpose which is to protect investors from such woeful service. I would point out that it is my role to investigate complaints impartially and to weigh up the information provided by both parties, it is not to be a champion for investors.
46. Overall, I find the timescale for resolving the complaint and arranging the transfer during the period between 22 December 2017 and 11 January 2018, to be reasonable, allowing for the Christmas and New Year holiday period. I do not consider that any recompense is required for the transfer delay or for any inconvenience that Mr L may believe he experienced. If he had informed A J Bell at outset that the SIPP was administered by Standard Life and/or to address the transfer request to FundsNetwork then the perceived transfer delay could have been avoided.

Anthony Arter

Pensions Ombudsman
10 September 2019