Ombudsman's Determination

Applicant	Mr V
Scheme	FundsNetwork SIPP (**the SIPP**)
Respondent	Fidelity International (**Fidelity**)

Outcome

1. I do not uphold Mr V's complaint and no further action is required by Fidelity.

Complaint summary

2. Mr V complains that Fidelity caused a delay when completing his transfer request from the SIPP to Alliance Trust Savings (**ATS**). He also claims that he received contradictory information about the value of his benefits during that time. As a result, Mr V would like an award in recognition of the distress and inconvenience he suffered.

Background information, including submissions from the parties

3. Mr V held a SIPP as well as an occupational pension scheme with Fidelity. The FundsNetwork platform was a service provided by Fidelity, but the SIPP was administered by Standard Life Assurance Limited (**Standard Life**). For simplicity, I will only refer to Fidelity from this point forward, other than in the appendices.

4. In 2016, a pension sharing order (**PSO**) was issued in respect of the SIPP. Due to problems with fund valuations, Mr V complained to Fidelity and subsequently took his complaint to the Financial Ombudsman Service (**FOS**). Following this, Mr V decided to transfer his benefits. There were several exchanges between Mr V and Fidelity throughout 2017, concerning: the PSO; fund valuations; requested trades; the transfer from Fidelity; and, the accuracy of Fidelity's online valuations.

5. On 13 October 2017, Fidelity received an "in specie" transfer request from ATS. Fidelity could not action this as there was an outstanding PSO in respect of the benefits in the SIPP.

6. On 16 October 2017, Mr V escalated his complaint, which included those that had been investigated by FOS. He said that he was experiencing "other issues" such as trades not being placed on time, stress, anxiety and buying opportunities being lost.

On 19 October 2017, Fidelity confirmed that it would investigate these concerns. Following this, Mr V provided additional information regarding the fluctuating online valuations that he wished Fidelity to investigate.

7. On 3 November 2017, Fidelity received a notification which confirmed that the PSO had been satisfied. Following this, there were many exchanges between Fidelity, ATS and Stocktrade[1], in relation to Mr V's in-specie transfer request. This was because clarification was needed on the options for two of the three assets that ATS did not hold.

8. On 14 November 2017, Fidelity issued its response to the complaint. It acknowledged that it delayed a fund switch requested on 18 August 2017 and had previously offered Mr V £300 for the distress and inconvenience this caused, and £380.40 for the associated legal costs. It also recognised that the fund switch requested on 5 October 2017 was delayed. Fidelity found that this should have settled on 12 October, rather than 17 October, but there was no impact on the investment value. So, Fidelity offered Mr V a further £100. Lastly, although Fidelity had looked into the online valuations, it could see no error in this regard.

9. Mr V did not accept Fidelity's offer but suggested that he would accept £5,000 in full and final settlement of his concerns. Fidelity considered Mr V's suggestion but, on 6 December 2017, it confirmed that it would not increase its offer. After further discussions about Mr V's complaint, Fidelity explained that its total award of £2,780.40 consisted of the following:-

   - £2,000 – Offered on 30 November 2016, in relation to the overvaluation and the PSO, which was investigated by FOS.
   - £300 – Offered on 29 September 2017, regarding the delayed switch request.
   - £380.40 – Offered on 11 October 2017, for legal costs associated with the delayed investment swap that had been requested.
   - £100 – Offered on 14 November 2017, for any distress or inconvenience caused by a further delayed fund switch.

10. On 5 January 2018, Fidelity advised Mr V that certain holdings would have to stay in the SIPP, so that a partial transfer could take place. After a number of email exchanges, Mr V confirmed on 8 January 2018 that he wished to proceed with a partial transfer.

11. On 10 January 2018, Mr V escalated his concerns with Fidelity about the transfer.

12. On 11 January 2018, the partial in-specie transfer completed.

[1] Please find a detailed timeline of these in Appendix 1.

13. On 30 January 2018, Fidelity provided an explanation for the delays. Namely, "as the process of an in-specie transfer is reliant on third parties, then holdings from different providers can vary in the time they take to transfer."

14. Following this and a further email from Fidelity, Mr V emailed Fidelity on 15 February 2018, highlighting that it had taken five months for the transfer to take place, that he had missed market opportunities and how the whole process had caused him stress and inconvenience.

15. On 20 February 2018, Fidelity confirmed that all the holdings had been removed from the SIPP, following the transfer to ATS. As a result, Mr V's account was closed and no further charges would be applied.

16. On 28 February 2018, Fidelity issued an additional complaint response in relation to Mr V's transfer request and the valuation of his account during the process. Fidelity provided a transfer timeline[2] and found the following:-

    - It recognised why Mr V was frustrated but noted that in-specie transfers are reliant on third parties.

    - The transfer could not proceed until the PSO had been satisfied and when Fidelity looked to do so, there were two "distressed assets" that needed clarification.

    - Once clarification had been obtained and options had been agreed with Mr V, the transfer was completed in approximately five weeks.

    - Whilst the transfer was in process, valuations could be inaccurate as an asset may have been transferred and applied to the receiving scheme (ATS) but not yet removed from the SIPP. This was normal when confirmation of the transfer had not been received from the third-party fund provider.

    - With regard to lost market opportunities, Mr V should have been looking to deal on the assets applied to the receiving scheme and not those in the SIPP. This was due to the fact that they were in the process of being transferred.

17. On 27 April 2018, Fidelity provided additional information. It confirmed that it was unaware of any further issues that Mr V had experienced with trading on his account since April or May 2017. Although there was a hold applied to the account due to the PSO, deals could still be placed, as evidenced by those made in August and October 2017.

18. On 11 July 2018, further information was provided by the independent financial adviser (**IFA**) who advised Mr V from 2016 to 2017. This included emails between them from November 2016 to August 2017.

19. On 27 July 2018, Mr V brought his complaint to us. He listed his issues as: incorrect pension valuations; trades settled late; delayed transfer to the receiving scheme; and,

[2] Please find a copy of this in Appendix 2.

poor “service levels”. He claimed that as a result of these, he had missed out on investment opportunities.

20. While we have been investigating the complaint, Fidelity has provided the following additional information:-

- E-mails between Fidelity and Mr V from October 2017 to February 2018.
- Correspondence between Fidelity, Stocktrade and ATS.
- PSO notification of completion.
- Transfer application.
- Various screenshots, spreadsheets, analysis and photos relating to online valuations.
- Two online disclaimers that stated the following:-

> “Figures for fund holdings are accurate to last pricing point. Please be aware that total valuations displayed on this page show some fund valuations from the previous day and so may not reflect the total of the individual holdings detailed above. […] When placing transactions from a fund into either another fund or the SIPP bank account, please be advised that the valuation for your SIPP will not be updated until the transaction has cleared.”

> “When placing a transaction from the SIPP bank account, please be advised that the valuation for the SIPP bank account will not be updated until the transaction has cleared, but the valuation for fund holdings will be updated after the deal has been priced. This means that there may be a short period of time where the value of the transaction is included twice within your SIPP valuation. The transaction amount will clear after the relevant settlement period for the transaction that has been placed.”

Adjudicator’s Opinion

21. Mr V’s complaint was considered by one of our Adjudicators, who concluded that no further action was required by Fidelity. The Adjudicator’s findings are summarised below:-

- Firstly, Fidelity was unable to process Mr V’s request until the PSO had been implemented. Secondly, the transfer request could not be actioned until the available options were known for the assets that ATS did not hold. As Fidelity was reliant on a third party for this, it could not be held responsible for the time taken in relation to this.
- Once all the information was obtained, the transfer took 28 working days to complete. In the Adjudicator’s opinion, this was reasonable for a complex transfer,

so Fidelity's actions did not amount to an error. As a result, the Adjudicator did not agree with Mr V's claims of a loss of investment opportunity.

- Regarding the online valuations, there was sufficient information available to Mr V to indicate that these would not necessarily be accurate. Further, Fidelity had explained, in its responses of 14 November 2017 and 28 February 2018, that assets were priced at different times during the day.

- Lastly, Mr V's claim that a number of trades were settled late had already been addressed by Fidelity, and it had offered a total of £400 for any distress and inconvenience caused. In addition, Fidelity covered Mr V's associated legal costs.

22. Mr V did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr V for completeness.

Ombudsman's decision

23. Mr V's complaint falls into three main parts: the time it took for his transfer request to complete; the accuracy of Fidelity's online valuations; and, the delays with his trades. I shall address each in turn.

24. Mr V's request was an in-specie transfer request. This type of transfer is more complex and generally involves a number of parties in addition to the receiving and ceding schemes. This is because instead of the scheme member's assets being sold and converted into cash, the assets are re-registered in the receiving scheme's name. As a result, these transfers generally take between three and six months.

25. In this case, two factors contributed to the length of time taken for the transfer to complete. Firstly, the PSO needed to be satisfied. Secondly, as identified in paragraph eight and Appendix 1, Fidelity was reliant on a third party called Stocktrade, as it required confirmation of whether certain assets could be re-registered. Until Fidelity had obtained this information, the transfer could not proceed.

26. Fidelity received notification of the PSO being satisfied on 3 November 2017. Following this, it took four working days for it to contact Stocktrade about the possibility of re-registering certain assets. Although Fidelity contacted Stocktrade on a number of occasions, it did not receive a response. After involving ATS in its request, Fidelity received the information on 2 January 2018. Once Fidelity had obtained Mr V's authority, the transfer took 28 working days to complete. Having reviewed the time Fidelity took once it was able to progress the transfer, I do not agree that it caused a delay. I do not consider that Mr V suffered a loss of investment opportunity due to Fidelity's actions.

27. With regard to the online valuations, Fidelity has explained why these might fluctuate and the reasons behind any inaccuracies during a transfer. So, I shall not repeat these. However, I consider that Mr V ought to have been aware that his fund values

would fluctuate, because of the disclaimers which are outlined in paragraph 20 above. Accordingly, I do not consider that these valuations amount to errors by Fidelity.

28. Lastly, Mr V has claimed that Fidelity settled several of his claims late. Based on the information available, I can only see two trades that have been settled late, but both have been addressed by Fidelity. I understand that this must have been a distressing time for Mr V. However, Fidelity ensured Mr V had not suffered a financial loss as a result of its acts and omissions; offered a total of £400 for these errors and covered the associated legal fees. I find this redress appropriate in the circumstances and so will not direct Fidelity to take further action. Furthermore, as these are the only errors that I have identified, I do not consider that an additional award in respect of distress and inconvenience is required.

29. I do not uphold the complaint.

Anthony Arter

Pensions Ombudsman
13 August 2019

Appendix 1

Summary of the exchanges between Fidelity, ATS, Standard Life and Mr V, regarding the transfer, based on the information provided

09 November 2017:	Standard Life contacted Stocktrade to ask whether certain assets could be re-registered. Standard Life contacted ATS to provide Mr V's asset list, so that ATS could confirm whether these were acceptable. Standard Life also asked for ATS' registration details and informed it that Standard Life had contacted Stocktrade to confirm whether two securities could be re-registered.
17 November 2017:	ATS confirmed the assets that it could hold. There were three funds involved that ATS did not accept. As a result, it requested that these investments were sold and transferred as cash.
24 November 2017:	Standard Life chased a response from Stocktrade, marking it urgent, and confirmed that ATS could not hold the two Stocktrade assets in question. As a result, Standard Life asked what the available options were, such as selling or leaving the assets in the account whilst re-registering the others.
15 December 2017:	ATS reconfirmed the assets it would accept and chased Standard Life for an update. Standard Life responded to this to see whether ATS could help chase Stocktrade, as Standard Life was not receiving a response despite repeated chasers.
02 January 2018:	ATS responded to Standard Life. It said that it could see that it did not hold one of the assets and had contacted its dealers who confirmed that selling the other asset was not possible. It could be held within the Stocktrade account, but this would incur account charges.
05 January 2018:	Standard Life emailed Mr V to confirm that most of the assets would be accepted by ATS, but two would not. The Investec asset could be sold and transferred as cash, but Standard Life would need Mr V's authority. Additionally, ATS could not accept the Xcite asset from Mr V's Stocktrade account. This could not be sold, so it would need to remain in the SIPP. Standard Life offered looking into the possibility of doing a partial transfer but could not guarantee that it would be granted. Mr V responded the same day. He authorised for the two assets to be sold and then transferred to the receiving scheme

	with ATS. Mr V stated that he did not want to incur further charges and wanted a refund of any applicable charges from the last twelve weeks. Mr V also noted that he did not appear to have any investments in Xcite and stated that he was getting frustrated by the amount of times he had asked for the transfer to take place. In light of Mr V's frustrations, Standard Life contacted its stockbroker to obtain more information. The following was confirmed: Xcite was no longer trading on the LSE; Stocktrade was waiting for the liquidators to advise available options and until such time, the asset cannot be sold or transferred; and that at the time, there was no timescale for completion. Standard Life stated that Mr V could contact the liquidators directly for more information, as Standard Life had no authority to contact them on his behalf. As a result of the email exchange, Mr V agreed to the partial transfer, but expected no charges. Standard Life organised for the transfer to take place, with £2,000 being left in the SIPP due to the two holdings.
08 January 2018:	After receiving Mr V's authority, ATS asked Standard Life to provide its CREST ID and suitable trade and settlement dates.
11 January 2018:	ATS received the relevant information for the transfer to take place.

Appendix 2

Copy of the transfer timeline provided with Fidelity's complaint response of 28 February 2018

13 October 2017:	[In-specie] transfer out request received from [ATS].
19 October 2017:	As there was a Pension Sharing Order being implemented, no action could be taken on the transfer until this was satisfied.
03 November 2017:	Notification received that the Pension Sharing Order was now complete.
07 November 2017:	Standard Life called [Mr V] to explain the [in-specie] transfer process and also confirmed the [5-day] SLA every time we receive new mail/instruction.
09 November 2017:	Pre-screening done for transfer out. Stocktrade, Fidelity and Investec assets to be re-registered (transferred [in-specie]). It was noticed at this time that two of the Stocktrade assets had not been priced in some time and so it was not clear as to whether these could be re-registered or sold. E-mail sent to Stocktrade to clarify the status of the two holdings and whether they could be re-registered/sold. Asset list e-mailed to [ATS] at the same time for them to check acceptability. Standard Life also advised [ATS] that they were awaiting further information from Stocktrade regarding the two unpriced holdings.
20 November 2017:	E-mail response issued from [ATS].
24 November 2017:	[ATS] confirmed that they can accept all holdings except for the Investec Structured Product and the two Stocktrade holdings in question. At this stage, Standard Life had received no response from Stocktrade – Chaser e-mail was sent to Stocktrade to provide an urgent update.
08 December 2017:	Still no response from Stocktrade – [Standard Life] called to chase Stocktrade again – No response and another e-mail sent asking them for an urgent response.
15 December 2017:	Chaser e-mail received from [ATS].
02 January 2018:	E-mail received from [ATS].

05 January 2018:	[ATS] confirmed that the London Mining stock had been removed from the account. They also advised that the Xcite stock could not be sold. [ATS] had already advised Standard Life that they could not accept this stock in-specie. Standard Life was now in a position to contact the client explaining his options. E-mail sent to [Mr V] explaining the situation and his options. He was advised that the Xcite holding would have to stay within his SIPP and so he may be allowed a partial transfer by concession to enable the other assets to be transferred out.
08 January 2018:	Following an email conversation with [Mr V], he confirmed that he wished to proceed with a partial transfer. E-mail issued to the concessions team requesting a concession for a partial transfer.
10 January 2018:	Concession granted and advised that £2000 must be left in cash to cover future charges.
11 January 2018:	Standard Life was now able to proceed with the partial transfer. Authority sent to Fidelity and Stocktrade to transfer their holdings. Instruction set up for the Investec Structured Product to be sold.
25 January 2018:	Monies received from Investec and applied to the SIPP bank account. Fidelity confirmed they had started the transfer process also. Stocktrade also acknowledged receipt of our request but did not confirm the fee due. This has to be paid to them before they will begin the reregistration process. Chaser e-mail issued to them for confirmation of the fee due.
26 January 2018:	Six out of seven core funds were re-registered out.
29 January 2018:	Stocktrade confirmed that stock has been moved from the account. Last of the seven core funds was also re-registered out.
01 February 2018:	Stocktrade confirmed that stock had been transferred but it still had not confirmed the fee due. Fee amount chased up again.
13 February 2018:	Stocktrade confirmed fee of £90 due. They also confirmed that the Xcite holding had been transferred despite saying that it could not be. Call made to Stocktrade for clarification but once again Standard Life were unable to get through.

16 February 2018:	Standard Life spoke to Stocktrade who confirmed that the Xcite stock was delisted on 13/02/18 and so had been removed from the account. Standard Life could now proceed with completing the full transfer. £90 fee paid. Termination processed and paperwork/cash issued to [ATS].