

The complaint

Mr R has complained that his pension provider - James Hay Administration Company Ltd trading as James Hay Partnership ("James Hay") - allowed a three-year NS&I investment within his pension to be renewed in 2021 for a further three-year term without providing him with appropriate notification.

This has meant the funds are tied up until 2024 and cannot be invested in alternative funds until that time. Mr R states this only came to light when an application to transfer his James Hay pension to a new provider was submitted in October 2022.

Mr R has stated that this has caused financial loss as the new intended investments have outperformed the NS&I bond.

Mr R is being represented in this complaint by his financial adviser, however for ease of reference I have referred only to Mr R throughout the decision below.

What happened

In February 2018 Mr R agreed to invest a sum of £120,000 in a three-year NS&I bond.

On 21 January 2021 NS&I wrote to James Hay to inform them of the impending maturity of the funds and state that the maturity value of around £128,000 would automatically be re-invested into a new bond if further instructions were not received. It was also confirmed that this new bond could not be closed early and would have to be kept for the full three-year term. There would however be a 30-day cancellation period. James Hay have stated they forwarded this information to Mr R on 25 January 2021 although a copy of this letter is not available.

On 26 February 2021 NS&I wrote to James Hay to confirm the maturity proceeds had been re-invested into a three-year Guaranteed Growth bond. This documentation was forwarded to Mr R on 4 March 2021. This documentation included the investment amount of around £128,000, the new maturity date (of February 2024), and confirmed Mr R has the right to cancel this bond within 30 days stating:

"Should you wish to cancel this investment, please return the notice to us before 3 April 2021 so we are able to sign and return it to the Fund Manager within the cancellation period".

In October 2022 Mr R was advised to move his pension from James Hay to a new provider. It was as this transfer request was being processed that it subsequently came to light that the £128,000 had to be retained in the NS&I product until maturity.

Given the funds were tied up in the NS&I product a complaint was registered with James Hay.

James Hay issued their response in March 2023. This stated that they believed they had forwarded relevant documentation to Mr R on 25 January 2021 to inform him of the impending maturity.

They also confirmed that additional documentation was forwarded to Mr R's home address on 4 March 2021 providing cancellation rights for the NS&I product.

Given this, James Hay concluded they had provided Mr R with the required information about the maturity / re-investment of the NS&I monies and as such were not upholding the complaint.

Unhappy with James Hay's response Mr R forwarded his complaint to this service in August 2023.

Our investigator looked into things and concluded that James Hay had not acted unreasonably.

The investigator explained that the re-investment of the maturity into a new three-year product was not a decision James Hay had made, the re-investment was an NS&I process and as such not James Hay's responsibility.

Whilst James Hay could not provide a copy of the letter they sent to Mr R on 25 January 2021 notifying him of the impending maturity of the original NS&I bond, they had provided system screenshots showing a letter was sent.

In addition, they had been able to provide a copy of the 4 March 2021 letter which was correctly addressed and provided Mr R with the cancellation rights for the new NS&I bond.

As such the investigator concluded that James Hay had taken reasonable steps to inform Mr R that the original NS&I bond had matured with the proceeds re-invested for another three-year fixed term.

Finally, the investigator stated that whilst Mr R's adviser may make use of other communication methods (sending information via email or recorded delivery) James Hay's decision to send information via standard post was not unreasonable.

Mr R did not agree and stated that he did not believe James Hay, as his pension trustees had met their responsibilities. Mr R noted that James Hay was required to act in line with the trust deed and rules, act in the best interests of the scheme beneficiaries, act impartially and act prudently, responsibly, and honestly.

Mr R also stated that screenshots of James Hay systems were insufficient to state that the relevant paperwork had been sent to him correctly with it being "*inconceivable*" that he would have retained the NS&I investment given the returns that were being offered. The only "*logical conclusion*" being that the paperwork had not been received, with James Hay not making reasonable attempts to ensure Mr R was fully informed.

Our investigator remained of the opinion that James Hay had acted appropriately and as such was not persuaded to change their outcome.

As no agreement could be reached the case has been passed to me for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have firstly considered whether James Hay acted appropriately in allowing the NS&I investment to automatically be re-invested.

Section 5.3 of the James Hay SIPP terms and conditions document confirms what services they do not provide. This states:

5.3 Services not provided by us

5.3.1 we are not responsible or liable to you or your SIPP for, and shall not:

- 1. provide investment, pension, or tax advice*
- 2. assess the suitability of your investments for your financial circumstances*
- 3. conduct full due diligence checks on any investments on your behalf*
- 4. select your investments or monitor their performance*
- 5. check the financial stability, and/or monitor the activities of any Investment Manager, Financial Adviser, Stockbroker or any other provider of investment accounts or other financial service: or*
- 6. provide the services of a Financial Adviser, Stockbroker, or Investment Manager.*

It is important to note that the documentation on file clearly shows that the NS&I product was automatically re-invested and that this is a standard NS&I practice. As such what I must consider here is whether James Hay ought to reasonably have interjected on Mr R's behalf and stopped the auto re-investment taking place.

I do not believe it is reasonable for Mr R to expect this of James Hay. If James Hay had interjected and stopped the auto-re-investment taking place without any instruction from Mr R, this would have constituted them making an investment decision on his behalf. The terms and conditions referenced above make it clear that James Hay would not select investments on the policyholder's behalf.

I have considered Mr R's response to our investigator's findings stating that it is "*inconceivable*" that he would have accepted another three-year product with the returns being offered by the NS&I product.

However, the terms and conditions of Mr R's pension are also clear that James Hay would not assess the suitability of the investments on Mr R's behalf. In deciding that the returns offered were too low and opting out of the auto re-investment on Mr R's behalf, James Hay would have effectively been deciding that the new three-year NS&I bond was unsuitable for Mr R – something that their terms and conditions are clear they would not do.

Mr R's response to the findings issued also quoted the scheme trustees responsibilities and questioned whether James Hay had acted in line with these. As above, James Hay was required to act in line with the trust deed and rules, act in the best interests of the scheme beneficiaries, act impartially and act prudently, responsibly, and honestly.

I do not believe allowing the auto re-investment of the NS&I bond to contradict any of these responsibilities when they are considered alongside the policy terms and conditions which clearly state what services are (and are not) provided.

I have gone on to consider whether James Hay acted reasonably in their communications with Mr R about the maturity and re-investment of the NS&I bond.

Here I would like to note that in any case where I am asked to issue a decision, I do so

based on the evidence available.

Where evidence is partially unavailable my decision is based on the balance of probabilities and what I consider most likely to have happened based on that evidence which is available.

Our investigator concluded that James Hay acted appropriately in providing Mr R with information in January and March 2021 about the impending maturity and subsequent re-investment of the NS&I bond. I have reached the same conclusion for broadly the same reasons.

Mr R has stated that system screenshots do not adequately prove that a letter was sent. I would agree that ideally James Hay would be able to provide a copy of the letter, however in the absence of this, and in line with the above, I must base my decision on what I consider most likely to have happened.

I have been provided a copy of the March 2021 letter providing Mr R with his cancellation rights and can see that this was correctly addressed to Mr R's home. The system screenshots giving details of the January 2021 and March 2021 letters provide the same information and as such I consider it reasonable to conclude that an entry being made into James Hay's internal record keeping system is a good indicator that a letter was produced and sent to Mr R in January 2021.

In addition, and again in line with what our investigator has already said, even if a letter was not sent in January 2021, the March 2021 letter provided Mr R with his cancellation rights for the new NS&I bond, providing him with the necessary information and an opportunity to cancel the bond.

Mr R has stated that sending such information through the normal post is insufficient with there being other options that would have better ensured he received the information. Whilst there are other ways in which businesses can choose to send information to their customers, I do not consider James Hay's use of the normal postal system to be unusual or unfair. The fact that James Hay will contact customers via post at their main residential address is confirmed in Section 8 of the terms and conditions document.

Other businesses may choose to use tracked delivery or special courier services or seek to check information has been received by using telephone or email follow ups, however this is an internal decision each individual business has the right to make.

I do not doubt Mr R's statement that this information was not received, however this does not mean James Hay have acted unreasonably. The weight of evidence supports the conclusion that two letters were sent to Mr R at his correct address. The content of these letters would have informed Mr R of his maturity and re-investment, and James Hay are entitled to operate on the assumption that correctly addressed letters will be received by the intended recipient.

I have considered whether James Hay's actions in notifying Mr R of the maturity and re-investment were in line with their duty to act in line with the trust deed and rules, act in the best interests of the scheme beneficiaries, act impartially and act prudently, responsibly, and honestly. Whilst I appreciate that Mr R did not receive the documentation sent, and that there are alternatives James Hay could have used to either send or confirm receipt of that documentation, I do not believe the reliance on the standard post means James Hay operated outside of their duty as trustees.

Overall, I do not believe James Hay acted inappropriately in either the maturity and re-investment of the NS&I bond, or in their notification of this to Mr R.

As such I am not upholding this complaint.

My final decision

As per the rationale above, I am not upholding this complaint and do not require James Hay to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 January 2024.

John Rogowski
Ombudsman