

The complaint

Mrs W complains that Financial Administration Services Limited ('FASL') reneged on an investment fund sell instruction she made valued at £225,000, despite confirming on several occasions, in writing, that the transaction had completed. Mrs W wants FASL to reinstate or honour the £225,000.

What happened

The background to this complaint, including the timeline of events leading up to it, is well known to both parties. So, while I have read and considered all of the evidence presented, I haven't set out everything here. In summary, the key points are as follows:

- Following the completion of a fund merger of one of Mrs W's investment fund holdings, on 27 September 2022 she gave FASL an instruction to sell and withdraw £225,000 from the newly merged fund.
- Between 3 October and 10 October 2022 Mrs W sent FASL secure online messages chasing payment. During this time, Mrs W also raised a complaint via her financial adviser about the delay in receiving payment. Despite FASL confirming to Mrs W that the payment would be made, on 12 October 2022 it said the payment wouldn't be made. It said due to a pricing error, Mrs W saw an inflated fund value, so her transaction was based on an incorrect valuation. It said the deal had now been placed at the correct price – an amount of £10,425.55 – the proceeds for which were in cash in her FASL investment account. Mrs W raised a complaint
- On 14 October 2022 FASL says it sent Mrs W's financial adviser a response to her complaint. It said it received incorrect pricing data from the fund provider, which along with its failure to carry out the correct internal checks, led to Mrs W seeing a vastly inflated notional price for the fund. It said it had now corrected things and the withdrawal was correctly priced using the unit price of 28 September 2022. It said Mrs W received the correct redemption amount. It said it recognised the inflated price may have led to Mrs W making her withdrawal request, so it offered to reverse the deal and make good any financial disadvantage. It said its communication of the error fell short of what Mrs W should've expected, it apologised for this and the failure of its internal checks, and it offered £100 as a goodwill gesture.
- Following a further exchange of communication, on 20 October 2022 FASL provided an updated complaint response. It repeated the point that Mrs W's fund value was based on an incorrect price and so was not a true reflection of the value of her holding. It said it would not therefore honour the inflated price.

It said the adjustments shown on her account were made to put things right and it didn't need Mrs W's authority to enable it to do so. It also apologised for the lateness in acknowledging her complaint and it increased the level of compensation to £250 for the trouble and upset caused.

- Following its final response of 20 October 2022 Mrs W and FASL continued to

correspond. FASL referred back to its final response, but in summary it also told Mrs W that its errors had been reported in line with its risk event management process but that it wouldn't provide her with a copy of its internal operating procedures. It also clarified that, because Mrs W's withdrawal request had been made for the amount of £225,000 and not a percentage unit holding as she said she'd indicated, it had taken the decision to sell her entire holding in the fund. It said there were no additional units to add to her account and it had paid the correct amount to her.

- Mrs W referred her complaint to us. One of Investigators looked at all of this and they didn't uphold her complaint. In summary they said that, while FASL had made a mistake it had fairly and reasonably put things right. They said this included offering to reinstate Mrs W's unit holding at the correct price, so she wasn't financially disadvantaged and paying her fair compensation.
- Mrs W disagreed. She said she is seeking proper compensation for the injustice. In summary she said she's been misled by FASL; they've not acted correctly; they didn't spot the mistake as they claim; they've tried to tidy up the system and cover up their mistake by making transactions on the account without her permission; they've admitted failures in their procedures but haven't suffered any business consequences; and none of the financials on her statement correlate or make sense.
- Because the Investigator wasn't persuaded to change their opinion, the matter was referred 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.

Having done so, I've decided to not uphold this complaint for broadly the same reasons as the Investigator. My reasons are set out below.

- Firstly, it is not in dispute that things didn't happen as they should have when FASL processed Mrs W's investment withdrawal instruction in September 2022. It has accepted it used incorrect pricing information, its internal checks weren't properly followed, which led to the over-inflated valuation and its communication to Mrs W of the errors made weren't up to the standard she should expect. Mrs W says that FASL hasn't suffered any business consequences as a result of its error. But it is not the role of the Financial Ombudsman Service to fine or punish firms – that's the role of the regulator. Our role is to consider what, if anything has gone wrong, what impact any wrongdoing or mistake had on a consumer and what needs to happen to put things right.
- In Mrs W's case, as I've already said FASL has acknowledged things went wrong. It has also taken action to put things right. And having carefully considered this and the evidence submitted by both FASL and Mrs W, I'm satisfied there is nothing more FASL needs to do to put things right. I'll explain why.
- I can see Mrs W wants FASL to reinstate or honour the whole amount of £225,000 she instructed it to withdraw from her investment fund. But I'm not telling FASL to do that. This is because Mrs W was never entitled to that sum of money – her unit holding in the relevant investment fund did not support a valuation to enable her to withdraw that amount of money. The true valuation based on the correct unit price was considerably less. Based on the evidence presented, I'm satisfied FASL

ultimately carried out Mrs W's withdrawal request at the correct price and she received the right amount of money in light of that price and her unit holding – a sum of £10,425.55 as I referred to earlier on.

- I can see Mrs W says she only gave instruction to sell 75% of her unit holding, so she should have 25% remaining but says this has been lost during the transaction. She's also asked for this to be reinstated. But when Mrs W made her withdrawal request, she asked for the amount of £225,000 to be withdrawn and not a percentage of her holding. Because this amount couldn't be realised, FASL redeemed all of Mrs W's investment holding - i.e. the entire unit holding of 2,507.95. In the circumstances I don't think this action was unreasonable. This means the amount of £10,425.55 withdrawn from Mrs W's investment and which FASL placed in cash in her account, represented the entire value she held in the investment fund. So, I'm satisfied Mrs W did not lose any units in the transaction and FASL does not need to reinstate 25% of her investment holding.
- While I think FASL's action in redeeming all of Mrs W's holding based on her withdrawal request was reasonable in the circumstances, I can see FASL recognised that her decision to withdraw may have been influenced by the inflated valuation. So, it offered to reverse the withdrawal transaction and buy back units in the investment fund and ensure Mrs W wasn't financially disadvantaged. I can see Mrs W didn't accept FASL's offer - but I think its offer was nevertheless fair.
- I understand Mrs W is concerned FASL has carried out a number of transactions and adjustments on her account without her permission. But these transactions are the necessary adjustments and remedial work FASL needed to carry out to correct the mistakes made as a result of it using the wrong fund pricing. This is what I would expect it to do and I'm satisfied it did not need Mrs W's permission or authority to rectify the position on her investment account. I can see Mrs W has said it is difficult to correlate the figures given the number of remedial transactions FASL carried out. To help Mrs W here, looking at her statement for 15 September 2022 to 14 December 2022, on 4 October 2022 the two important figures to note are the correction credit figure of £225,000 and a corresponding debit correction amount of £214,574.45. The difference between these two figures is the amount of £10,425.55, which is the corrected withdrawn amount Mrs W received.
- I understand Mrs W is disappointed by FASL's errors and she feels the impact of the errors has been taken lightly by the business. It is unfortunate that the errors occurred. But sometimes things go wrong. In my view, FASL has provided an open and honest explanation as to what went wrong and why, and it has apologised to Mrs W for its mistakes including the poor communication she received. Furthermore, it has recognised the trouble and upset the matter caused and it has paid Mrs W £250 to recognise this. And taking everything into account, I think this is fair.
- Ultimately Mrs W has not suffered a financial loss here – only a loss of expectation in the amount of money she was expecting. As I've already said, Mrs W was never entitled to the sum of money she instructed FASL to withdraw from her investment – it was not the true value of her holding.

It strikes me that Mrs W wanted to take advantage of what, in my view, was a very clear and obvious mispricing error. So, it is neither fair nor reasonable for me to put Mrs W in the position she thought she was in and tell FASL to honour the £225,000 withdrawal valuation. The £250 compensation Mrs W has received for the distress and inconvenience caused by FASL shortcomings is in line with what I would typically award in situations like this and so overall, I think it represents fair

compensation.

While I understand this will be disappointing for Mrs W and I can see she has spent time in bringing her complaint, for these reasons I don't uphold this complaint and there's nothing more FASL needs to do to put things right.

My final decision

For the reasons above, I've decided to not uphold this complaint – so I make no award in Mrs W's favour.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 14 February 2024.

Paul Featherstone

Ombudsman