

The complaint

Mrs C complains that Financial Administration Services Limited (trading as Fidelity International, and hereafter referred to as '*Fidelity*') has behaved unfairly in relation to its correspondence and issuing of compensation, following a complaint she made about the sale of shares held in her investment account.

What happened

Mrs C held an investment account which was taken out through Legal and General ('L&G'). It comprised shares held within L&G's International Index Trust. Mrs C's investments were thereafter migrated to Fidelity's platform in 2021. As confirmed by L&G, Fidelity administered the investment on an execution only basis. Fees and charges for this administration were initially kept the same, but it was noted by L&G that these could be amended in the future.

On 30 November 2022, Fidelity notified Mrs C that the pricing for its services was going to increase in some areas and decrease in others from 1 February 2023. On 11 January 2023, Fidelity issued a reminder letter regarding the forthcoming changes.

Thereafter, Mrs C complained to Fidelity. She said she had written to it on 17 January 2023 to explain how she wanted to open a separate account, with the intention that this second account could receive the proceeds of the sale of her shares – depending on what happened following the increase to some charges proposed by Fidelity. Mrs C explained she wanted to keep an eye on the value of her shares in respect of the increased fees or potentially consider selling them.

However, Mrs C said Fidelity had taken her letter and misunderstood it – instead, it sold her shares without her permission. She said she was denied the opportunity to sell her shares at a time of her choosing and had suffered associated loss on her investment. She also said Fidelity ought to compensate her for the distress and inconvenience it had caused her.

Fidelity initially rejected the complaint later that month and Mrs C duly lodged her complaint with this service.

In February 2023, Fidelity spoke with Mrs C by telephone and agreed to pay her £100 for the upset it had caused her.

Fidelity then revisited the complaint in March 2023 and agreed to uphold it. It accepted there had been a misunderstanding, but it took Mrs C's letter as an instruction to sell her shares. What the letter had actually said was Mrs C wanted to sell them before the charges increased on 1 February 2023.

Fidelity calculated what Mrs C's shares would have been worth if she had sold them on 31 January 2023, and confirmed the loss suffered by Mrs C was £345.54. It agreed to pay her this sum, plus £200 compensation for the upset she had suffered. This was sent directly to Mrs C's bank account.

One of our investigators agreed that the complaint ought to succeed on the basis proposed

by Fidelity, albeit with £300 compensation for upset (so, an extra £100) to account for the fact that Fidelity had originally rejected the complaint and compounded Mrs C's upset.

Mrs C asked for the complaint to be passed to an ombudsman, as she felt it had been unfairly assumed that she would have sold her shares in January 2023.

An ombudsman from this service issued a decision on the complaint in December 2023. He said he believed, after reading the letter, it was more likely than not that Mrs C's intention was to sell the shares before 1 February 2023. Accordingly, he felt Fidelity's proposal for the redress calculation to 31 January 2023 was fair and reasonable. He also agreed that £300 was a fair amount of compensation to reflect the upset and inconvenience caused to Mrs C.

The ombudsman made an award directing Fidelity to pay a total £654.54 to Mrs C (less the sums already paid) if it hadn't done so already. Mrs C accepted the decision.

During the course of pursuing the first complaint, Mrs C then made a second complaint. She said that:

1. the choice of wording and language used by Fidelity in the November 2022 and January 2023 letters was negative, misleading and unfair – and it forced her into the act of selling her shares, which had led to the original complaint; and
2. she hadn't agreed to Fidelity sending her money directly; she felt the way it had simply placed the offered £200 compensation into her account was unprofessional.

On 5 May 2023, Fidelity issued a final response to the second complaint, addressing the two points I've set out above, as well as a third issue relating to it not telephoning Mrs C when she had expected a call back. It apologised that the call wasn't placed and said it had informed the relevant team by way of feedback.

In relation to its use of language, Fidelity felt it had reasonably explained to Mrs C the implications of the new fees on her investment; it disagreed that it had made any type of negative statement. Regarding the compensation payment, Fidelity explained its process was to send any payment it had agreed to make to the account details held on file for a customer. It did not believe it had acted wrongly in doing so.

Mrs C said she was unhappy with Fidelity's complaint response.

A different investigator at this service then looked at the two new issues set out above in this second complaint. However, she did not believe it ought to succeed.

Our investigator said she didn't find any of the language in the two letters regarding fees to be negative or misleading. She considered Fidelity would have sent a second letter to ensure its affected customers had sufficient knowledge of the upcoming change. She also didn't think it was unfair of Fidelity to have sent the £200 to Mrs C's bank account.

Mrs C said she did not accept the investigator's view, and noted she wanted the complaint to be passed to an ombudsman. She said she had another letter sent by Fidelity following migration from L&G in November 2021 regarding fees, (all three being issued by the same person at the business) which she felt proved that the two later letters were unreasonable in their nature and caused the unfair sale of her shares thereafter.

Mrs C also said that she felt the word 'erode' was negative, and though there is overlap with her first complaint, the unfair wording ought to be compensated for. Finally, she said she remained of the view that Fidelity had never addressed why it sent her compensation without her acceptance.

Mrs C also made some additional points about the first complaint – namely that she remained concerned that Fidelity hadn't contacted her from 19 January 2023 to 31 January 2023 – and instead, it merely sold her shares without any agreement or consent.

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 thank the parties for their patience whilst this matter has awaited an ombudsman's decision. Though I have set out the background to both complaints within my decision to allow for a full chronology of the series of events, I must be clear about the parameters of this second complaint.

This complaint cannot address any matters already considered in the first complaint – that is because the ombudsman made a final determination about Fidelity's actions in relation to the sale of Mrs C's shares. As Mrs C confirmed to us that she accepted the decision, it became binding on the parties in accordance with the rules of this service.

So, I cannot look at any aspect of the complaint regarding Fidelity's actions in relation to the sale of Mrs C's shares – such as her concerns about the lack of contact between 19 and 31 January 2023. Nor can I consider why, in the course of that first complaint, Fidelity did not answer each point put forward by Mrs C. An ombudsman's decision is final, and I'm unable to revisit any matters relating to the first complaint within this second, distinct complaint.

That means this complaint is restricted to the two points set out in the background above.

Taking the first issue, I have looked at all three letters Mrs C has supplied as evidence, with specific reference to the language and tone used – since Mrs C feels the two later fees letters were unfair and coercive in their nature.

I have included the relevant extract below, as it forms the crux of Mrs C's concerns about Fidelity's wording. The November 2022 letter says:

"1. Changes to your fees - some of our fees are going up

When your investments were moved to Fidelity from Legal & General, we promised for your first year we'd keep your fees the same or less. Now this period is coming to an end, our new standard pricing will apply from 1 February 2023, as shown in the summary table below. This means if you hold under £25,000 in total and you do not have an active regular savings plan, your fees will increase if you take no action.

If you would like to benefit from our lower charge of 0.35% you can:

- 1. Add more money to increase the value of your accounts to above £25,000*
- 2. Set up a regular savings plan (if you do not already have one active)*

*We've made this easy for you to do online. Equally you may be happy with the new pricing, in which case you don't need to do **anything but note that your balance may be eroded over time by the new fees** [my emphasis]. Alternatively, you can choose to close your account or transfer to another provider by asking them to request an account transfer away from us. We do not charge any exit fees for doing so."*

I do not agree with Mrs C that the bold extract above is a negative statement or find that the letter or the use of the term 'erode' was unprofessional. Nor do I consider that it forced Mrs C to respond adversely.

In my view, the letter (and the one after it as a reminder) was objective and informative. It set out that Fidelity intended to make a change to its pricing – which was a possibility following the migration from L&G. The use of the wording relating to erosion of the balance was merely an explanation that increased fees would be deducted from Mrs C's investment; without action, this would be a greater amount than previous charges.

Fidelity explained to Mrs C (and other affected customers) in the letter that the service fee from 1 February 2023 would increase, and also that the share trading fees would reduce from 16 January 2023. This was something for Fidelity to decide, and it informed its customers in a neutral way of their potential options in relation to the forthcoming changes.

Mrs C is entitled to hold her own view on Fidelity's behaviour, but I must also do the same. And from an objective standpoint, I do not find it to have acted unfairly or unreasonably in the content or use of language contained within the notification letters sent to Mrs C.

It's important for me to point out that we do not act in the capacity of a regulator. That means our decisions don't ordinarily interfere in how a business may conduct its operations or exercise what may be commercial judgment on the provision of a particular service. That remit falls to the Financial Conduct Authority ('FCA').

Mrs C told us in the second complaint point that she thinks Fidelity unfairly issued money to her without further discussion. But it is not my role to determine how Fidelity decides to compensate a customer where it identifies a failing in relation to some type of regulated activity - in this case the administration of Mrs C's investment account.

Fidelity's final response letter of 20 March 2023 did not require Mrs C to accept the £200 compensation on any condition whatsoever; she remained free to lodge the complaint to the Financial Ombudsman Service – and Fidelity told her as such. In fact, when Mrs C brought the complaint here, both the investigator and the ombudsman in the first complaint decided additional compensation was warranted – and Mrs C accepted that.

That Fidelity had already sent £200 to Mrs C's account (which it held details of for the administration of her investment) was a matter of its choosing. If Mrs C had been unhappy about that, she could have returned the payment or notified Fidelity that she hadn't wished to receive any payment. I do not otherwise believe that the action of sending Mrs C compensation for identified error(s) was unreasonable or unwarranted in the circumstances.

My final decision

I do not uphold either aspect of this complaint, for the reasons given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 3 April 2024.

Jo Storey
Ombudsman