

The complaint

Mr C has complained about Financial Administration Services Limited (Fidelity). He said it didn't calculate the interest his funds had accrued on the cash account of his ISA or add this amount to the total when he arranged a transfer to a third party. He said the interest payment should have also been transferred over to the third party along with his substantive funds.

Mr C said he would like to be put back in a position he would have been if Fidelity had paid the interest on the transfer date, and he would also like a payment for the distress and inconvenience he said it has caused him.

What happened

Mr C held a stocks and shares ISA with Fidelity. Mr C said he liquidated all his bond investments within the ISA into cash and this amounted to around £128,329.

Fidelity paid interest on any amount held on its cash account on an annual basis, from 1 July 2022.

Mr C arranged a transfer of funds from his ISA with Fidelity to a third party. Mr C said the third party received the funds on 10 November 2022. But Mr C said, the third party only received the substantive amount of his funds. He said it didn't receive the interest Fidelity said they were paying on his cash balance. Mr C said this is from 01 July 2022 to 10 November 2022, the date the funds were transferred.

Mr C said he doesn't understand why Fidelity didn't pay the interest payment at the date of transfer and then close his account. He said he had been told by Fidelity that it wouldn't pay this interest payment until 30 June 2023 at the earliest, this being the end of its interest period, where it calculates the annual interest accrued. Mr C has complained about this and has asked why it couldn't have paid it at the transfer date or why it couldn't calculate the amount he had accrued when he asked. Mr C would like the interest paid as if it was done from the transfer date along with a payment for distress and inconvenience. He complained to Fidelity about this.

Fidelity said in response that when Mr C transferred his ISA, it paid interest annually. It said it didn't have the facility to offer an estimate how much an interest payment is going to be. It said it hadn't made any errors and so didn't think it had done anything wrong.

Mr C was not happy with Fidelity's response and referred his complaint to our service.

An investigator looked into Mr C's complaint. She said the role of the service wouldn't be to interfere with Fidelity's processes on how and when it pays interest. She said she could see Fidelity was acting in accordance with its own terms and conditions along with its internal policy. She was satisfied Fidelity hadn't acted incorrectly and so didn't recommend it take any further action.

Mr C is not in agreement with the investigator's view. So as this is the case his complaint has been passed to me, an ombudsman, to look into.

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 read all submissions provided by both parties and in doing so I think it is worth explaining from the outset about the role of The Financial Ombudsman Service as an informal dispute resolution service. As an ombudsman, I make decisions on the balance of probabilities, and as an impartial decision maker I look to make findings that are fair and reasonable in the circumstances of a complaint. My role does not involve applying any regulatory or disciplinary powers and it is not in my remit to tell a business how it should or shouldn't operate. Rather, I need to consider here whether it has acted fairly or not when it has provided its services to Mr C.

I am not upholding Mr C's complaint. I will explain why:

- Mr C arranged for the proceeds of his ISA held with Fidelity to be transferred to a third party. He felt Fidelity should have worked out what interest was due and transferred this amount too on the transfer date.
- Fidelity on the other hand said it would pay interest on or after 30 June 2023. It said it would pay an annual amount and this was its policy for interest paid on cash balances at that time.
- Fidelity had started paying interest on cash balances held on stocks and shares ISAs held with it from 1 June 2022. Its policy was to pay interest annually for the first year. It has provided terms and conditions that relate to the stocks and shares ISA that Mr C held along with a screenshot of a page on its website relating to how it manages cash held on account.
- I can see within the terms and conditions provided, that were relevant to Mr C's account at the time he was arranging the transfer, that there is a section that relates to interest payable on cash balances. The term states *"When payable, interest on cash within your account held will be credited to your account at rates and in accordance with the policy set out at [fidelity.co.uk/cashprotection](https://www.fidelity.co.uk/cashprotection)."*
- So, I can see that Fidelity has included a term about interest payments and this states that it will make payment according to its policy. Fidelity has provided a screenshot of what Mr C would have been able to see on its website at the time he was arranging the transfer. This screenshot is what Mr C would've found if he had followed the link given by Fidelity within the terms and conditions. It is entitled *'how we manage your cash'*.
- Within the section for *'how we manage your cash'* is a table providing the latest interest rate that it is paying for cash held on account. It also describes what and how it charges and where cash is held. There is a bullet point underneath the table that says, *"interest is currently paid annually, in arrears."* So, after reading this I can see that Fidelity was looking to pay interest on Mr C's account, as it said it would in its policy statement set out on its website.
- I have looked again on the website and can see that it has now updated its policy

and it now pays interest on cash held on account, monthly in arrears. I can see that its policy of paying on an annual basis lasted only for the first year that it had decided to pay interest on cash balances held by its customers on account. And this is relevant to Mr C's complaint, as his transfer took place within this time.

- Fidelity is within its rights to decide if, how and when it pays interest on cash balances held by its customers. This is a commercial decision taken by it. It is not within my remit to tell Fidelity what it should or shouldn't be doing in this regard. Rather I need to consider whether it has acted in accordance with its own terms and conditions, and in this case as it has explicitly mentioned it within the relevant term, its policy position. I am satisfied after looking through all of this, that it hasn't done anything wrong in how it has dealt with Mr C's request, along with how and when it would pay the interest payment.
- With this being the case, I don't uphold Mr C's complaint. I appreciate from what Mr C has said, that he has experienced distress and inconvenience. But I have concluded Fidelity is not responsible for any failings here, so will not be asking it to do anything further in this regard.

I appreciate that my decision will be disappointing for Mr C, and I acknowledge the strength of his feelings in the submissions provided. But based on everything I have read and the findings I have given, I don't uphold his complaint.

My final decision

My final decision is that I do not uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 December 2023.

Mark Richardson
Ombudsman