

The complaint

Mr B complains that Interactive Investor Services Limited (“IISL”) has started to charge him fees on his stocks and shares ISA despite a previous agreement that any normal fees would be waived.

What happened

Mr B holds a stocks and shares ISA with IISL. His ISA moved to the firm in 2021 when the account he held with another firm was migrated to IISL. Because Mr B held a certain asset within his ISA investments, the previous provider didn’t charge him any administration fees for his ISA. And, when the account was migrated, IISL told Mr B that his new ISA would also continue to be provided without incurring any monthly service plan fees or trading fees.

In February 2022 IISL wrote to Mr B to advise him that it had decided to reverse the promotional offer he was receiving meaning that he would become liable to pay the normal monthly service plan fee for his ISA. IISL told Mr B that it would provide him with an additional 12-month free period, but after that the standard fee would be charged. IISL wrote again to Mr B in April 2023 reminding him that the free period would shortly end. And IISL charged the first monthly fee to Mr B’s account in May 2023.

Mr B complained to IISL saying that at no time had he been given any indication that the fee-free period was time limited. In fact, he said, the initial letter specifically said that as long as he held the specified investment his account would not incur a monthly service plan fee. So he said it was unreasonable for IISL to now renege on that offer.

IISL didn’t agree with Mr B’s complaint. It said it was entitled to change the fees it charged, and their structure, under the terms and conditions of the account. And it said it had provided Mr B with far more than the required notice period. So it didn’t think it had done anything wrong. Mr B didn’t agree with that response so brought his complaint to us.

Mr B’s complaint has been assessed by one of our investigators. He thought that Mr B had been given fair warning of the introduction of the charges, and that IISL was entitled to change the terms of the account. So he didn’t think the complaint should be upheld.

Mr B didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr B and by IISL. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

When Mr B's ISA was moved from the old provider to IISL it is clear, from the information he was given at that time, that IISL wouldn't impose any monthly fees on his account providing he met certain conditions such as retaining the specified investments. And I share Mr B's assessment that the information he was given didn't suggest the offer from IISL was time-limited or might be withdrawn in the future. From the evidence I have seen, IISL initially complied with the terms of that offer and Mr B didn't pay any monthly fees for his ISA.

But I don't think it would be reasonable that a firm would be unable to change the terms of a product that it offers in response to changes in its own business operations, or wider market influences. It is very common for terms and conditions of financial products to allow regulated firms to alter charging structures, or other aspects of a product, provided that an agreed notice period is provided to consumers. That notice period would allow consumers time to consider any changes, and if they found the changes unacceptable, to move their investments to an alternative provider. A similar term was found in Mr B's agreement with his previous provider.

I've looked at the terms and conditions that applied to Mr B's ISA with IISL. Those terms set out a number of reasons why IISL might think it reasonable to make changes to any terms such as to ensure that its business is run prudently. And specifically in the case of charges to ensure that any fees reflect changes in the cost or administration overheads IISL incurred or reasonably expected to incur. And the terms noted that when any changes were being made 30 days' notice would be provided.

So I think that, despite any earlier agreements it had with Mr B, IISL was entitled to change the way in which his ISA account was run, including the addition or increase of any charges he was asked to pay. And IISL actually provided Mr B with more than a year's notice of that change, rather than the 30 days it was required to give.

I can understand why Mr B was disappointed that IISL removed the fee waiver that applied to his ISA account. I entirely agree with him that the previous correspondence had given no indication that the waiver might be reviewed in the future. But the terms and conditions of his account, that Mr B accepted when his ISA was migrated to the firm, allow IISL to make those changes with 30 days' notice. So I cannot reasonably conclude that IISL has done anything wrong here.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Interactive Investor Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or

reject my decision before 9 April 2024.

Paul Reilly
Ombudsman