

## **The complaint**

Mrs P complains that Financial Administration Services Limited, trading as Fidelity, merged the fund she was invested in into a new fund which was too dissimilar. She says she was moved out of a tracker fund; the new fund, which wasn't a tracker, didn't perform well; and, as a result, she's lost money.

## **What happened**

Mrs P had an investment account with Fidelity. In or around October 2009 she invested around £42,000 in the Fidelity MoneyBuilder Growth Fund. Fidelity didn't provide any investment advice. Mrs P says she understood the fund was a FTSE tracker fund and was invested in UK shares. She says her fund increased in value when the FTSE increased, and she was able to withdraw the profit which she used as her retirement income.

In June 2019 Fidelity wrote to her to tell her it was merging the MoneyBuilder fund with its UK Opportunities Fund. She complained in 2023 following a fall in the fund's value. She said she wasn't told the new fund wasn't a tracker fund.

Fidelity said it gave Mrs P all the information she needed in June 2019 to decide whether to go ahead with the move to the new fund, or to switch to a different fund. It said the new fund matched the same strategy and risk factor as the MoneyBuilder fund.

Our investigator didn't recommend that the complaint should be upheld. He thought Fidelity had acted fairly in relation to the merging of the funds. He said neither fund was a tracker fund and that the withdrawals Mrs P had made had reduced the value of her investment.

Mrs P didn't agree. She said, in summary, that:

- Her existing fund had been a tracker account.
- The value of her investment had increased in line with the FTSE, and she was able to withdraw profits. But she hadn't been able to do that since the fund merger. It would appear Fidelity has been negligent in closing a fund that performed well.
- The new fund invested overseas, and it wasn't a like for like investment. She'd chosen the MoneyBuilder fund because it was invested in the UK.

## **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 find I have come to the same conclusion as the investigator for the following reasons:

Funds will usually have a benchmark index for performance comparison purposes, but this doesn't make a fund a tracker fund. A tracker fund is one which aims to replicate the

performance of a particular market index by investing in the constituents of that index and involves no active management. The MoneyBuilder fund was actively managed with the aim of providing long term capital growth and there's nothing to evidence that it was a tracker fund. I appreciate Mrs P says it must've been a tracker because it performed well when the FTSE 100 increased. But that's because it invested in a number of large companies quoted on the FTSE 100 index. So whilst it was likely to increase when the FTSE 100 increased, it wasn't tracking it.

Fidelity made a business decision to merge the MoneyBuilder fund with its UK Opportunities Fund. It explained that the funds held similar investments and had the same risk profile and investment manager and it wanted to simplify its offering. I don't find that to be unreasonable. But, in making that decision, Fidelity needed to ensure it treated Mrs P fairly and reasonably. I'm satisfied that Fidelity provided Mrs P with the key facts about the fund so that she could decide if she wanted her investment moved to the UK Opportunities Fund, or if she wanted to take the opportunity to invest in a different Fidelity fund, or elsewhere. I've already explained that Mrs P's existing fund wasn't a tracker fund. But, if she thought it was, I think it was reasonably clear from the information Fidelity provided that the UK Opportunities Fund was not a tracker fund. So, if she wanted to ensure she was invested in a tracker fund, it was reasonably clear that she'd need to give Fidelity alternative instructions.

Whilst it was for Mrs P to decide if she wanted to go ahead with the fund merger, I'm satisfied that the UK Opportunities Fund was similarly invested to her existing fund, with the same investment objectives and risk profile, and with similar underlying investments. Mrs P told us that the new fund invested outside of the UK. But I'm satisfied that both funds were invested only in UK equities.

Whilst the June 2021 statement shows the fund had increased in value, over the following years the price fell. This has obviously been disappointing for Mrs P. But the price of investments will fall as well as rise and, just because she'd enjoyed good performance historically, it doesn't follow that the price of the MoneyBuilder fund would have continued to increase in price if the fund hadn't closed. I can't uphold a complaint because an investment hasn't performed as well as hoped, provided Fidelity managed the investment as it said it would. I'm satisfied that the UK Opportunities Fund's underlying investments met the objectives, investment policy and risk profile of the fund, so I can't conclude the loss in value of Mrs P's fund is Fidelity's responsibility.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 10 April 2024.

Elizabeth Dawes  
**Ombudsman**