

The complaint

Mr W complains that Interactive Investor Services Limited ('IISL') charged him fees unfairly and sold one of his investments to cover the fees without his consent. He wants IISL to compensate him.

What happened

Mr W has an investment account which was taken over by IISL in 2021 when IISL took over the business of Mr W's previous provider.

On 12 September 2020 Mr W's previous provider wrote to him saying its business would be taken over by IISL. It enclosed information about IISL's service, including the fees IISL would charge and how those fees compared to the fees of Mr W's previous provider. It also asked Mr W to return an enclosed form asking whether he agreed to the move or wanted to opt out by transferring, selling or withdrawing his investments and money.

On 14 December 2020 Mr W's previous provider sent further correspondence, asking for a decision about whether Mr W wanted his account moved to IISL, and providing information about how to find out more.

On 8 February 2021 Mr W's account was moved to IISL.

On 18 May 2023 IISL emailed Mr W saying he had unpaid fees on his account and if he didn't take action by 2 June 2023 IISL would sell part of his investment to cover the fees.

On 28 June 2023 Mr W wrote to IISL asking why he had a negative balance. IISL said use of its platform made him subject to IISL's fees. And it cited its 'Our fees' page which said:

'We collect your monthly subscription via Direct Debit. If there is no Direct Debit set up then we will try to collect fees from cash you hold in your Trading Account. If there is no cash in your Trading Account we will attempt to collect it from your ISA. If you have a stand alone SIPP we will attempt to collect fees from cash you hold in your SIPP. We may regularly sweep across your accounts, if cash becomes available to settle part or all of a fee debt.'

'If none of these methods is successful, and we have your Debit Card details then we will attempt to charge that card the outstanding amount. If there is no other means for payment we reserve the right to sell holdings to cover any outstanding fees.'

On 29 June 2023 IISL sold part of Mr W's investment to cover unpaid fees in his account.

Mr W complained he hadn't agreed to the fees or to the sale of part of his investment. IISL didn't uphold the complaint. In summary it said:

- Its fees were charged at a flat monthly rate starting at £4.99. This was clear on its website. And when his account was taken over by IISL he was sent information about that and about IISL's terms of service.

- Mr W had been charged correctly according to the terms of service.
- Mr W had accrued a balance of unpaid fees in his account. So IISL sold part of his investment to pay the balance.
- Selling his investment for that purpose was in line with the terms of service. Clause 20 gave IISL the power to sell Mr W's investment if he owed a payment to IISL.

Mr W referred his complaint to this service. He said the following:

- IISL had taken money from his account without his permission.
- He didn't want to deal with IISL but had no choice when it took over his account.
- IISL had done nothing to earn the fees it charged, and his investment had lost value.
- IISL had sold part of his investment without his consent.

He said he'd lost almost all of his investment and he wanted to be compensated.

One of our Investigators looked into Mr W's complaint. In summary, he said that for the following reasons IISL hadn't done anything for which it should compensate Mr W:

- Mr W had been notified in 2020 of the forthcoming move to IISL and as part of that he was given information about the fees that would be charged.
- Mr W wasn't forced to move to IISL and accept its terms. He'd had the option to move to another provider or sell or withdraw his investment.
- Clause 20 of IISL's terms gave it the right to sell Mr W's investments to pay its fees.
- IISL provided a self-service platform. It wasn't responsible for the performance of Mr W's investments. And its fees weren't related to investment performance.

Mr W didn't agree with the Investigator's view. In summary he said IISL was continuing to take money from his account and wasn't protecting his investment.

Because no agreement could be reached, the complaint was passed to me to review afresh and make a 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'm not upholding the complaint, for essentially the same reasons as our Investigator. I'll explain why.

When he became a customer of IISL Mr W's account became subject to IISL's terms of service. I know Mr W is dissatisfied with the fact his account was taken over by IISL when he didn't ask for that to happen. But it's within the scope of a provider's commercial discretion to stop providing services and/or transfer its business to another provider. Mr W had the opportunity in 2020 to move his investment elsewhere or simply withdraw it and close his account. By taking no action Mr W received the default option which was for his account to be taken over by IISL. And since then Mr W has continued to be a customer of IISL. For

these reasons I don't think it's unfair or unreasonable for Mr W's account to be subject to IISL's terms of service, including the fees it charges.

I've looked at the terms of service for the account Mr W holds with ISSL. And I think the fees it said it charged Mr W are consistent with IISL's public information about its charges. The fees are charged at a flat rate. As our Investigator said, they're not related to the performance of Mr W's investment. In these circumstances I have no basis to say it's unfair or unreasonable for IISL to charge the fees it's charged Mr W.

I also note that, under its terms of service, IISL provides an execution-only service. This is also sometimes known as a self-service account. That means IISL gives Mr W a platform on which he can buy, sell and hold investments. IISL doesn't choose or otherwise manage Mr W's investments – so it's not responsible for their performance. If Mr W is concerned about the performance of his investments, it's for him to consider whether the investments are suitable for him, or else seek some advice.

Finally, I've seen that clause 20 of IISL's terms of service allows IISL to sell Mr W's investment if he has unpaid fees. Mr W hasn't said he paid the fees – instead, he said the fees were unjustified. And I've seen evidence that IISL notified Mr W in advance of its intention to sell part of his investment if he didn't make arrangements to pay the fees that had accrued. So I accept that Mr W did have unpaid fees on his account. And I think that in selling part of Mr W's investment IISL acted in line with its terms of service. And I have no basis to say its actions on this point were otherwise unfair or unreasonable.

Overall, I'm sorry to know Mr W is dissatisfied with the service he's received and the fees he's paying. And I'm sorry to know his investment has lost value. But I can't say IISL has failed to treat him fairly and reasonably. So I won't be directing IISL to compensate him.

My final decision

For the reasons I've set out above, my final decision is that I'm not upholding this complaint.

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

Lucinda Puls
Ombudsman