

The complaint

Mr T is represented by his independent financial adviser in making his complaint. The IFA says that AEGON Investment Solutions Ltd caused a number of errors and a delay when was carrying out Mr T's stocks and shares ISA transfer from another business.

The IFA submits that the actions of AEGON have had a detrimental impact on Mr T's ISA value and compensation should be awarded to him accordingly.

What happened

Mr T previously held his ISA with Old Mutual Wealth. On 12 February 2020, AEGON received a completed transfer authority form on behalf of Mr T for the transfer of approximately £212,405.

AEGON wrote to OMW on 16 February 2020 regarding the transfer, asking OMW to sell down all funds and transfer the value as a cash sum directly. This was for the purpose of immediate reinvestment into a new portfolio within an AEGON ISA wrapper.

OMW replied to AEGON on 18 February 2020. It explained that it could not complete a full transfer as requested because there was one fund within the existing ISA (the M&G Property Portfolio Feeder Fund) that was suspended from trading. This affected 26p of the ISA (it was in fact a dividend from the previously closed fund). This fund would need to be re-registered to AEGON.

AEGON says it received the reply on 24 February 2020. It then sent OMW a further letter on 26 February 2020 asking for a partial transfer as cash, save for the M&G fund.

OMW emailed AEGON the following day explaining that it had rejected the full cash transfer because of the suspended M&G fund. It requested that if the fund could be re-registered on AEGON's platform then AEGON ought to send in new paperwork confirming this.

It then received AEGON's letter on 2 March 2020. It then emailed AEGON again confirming as such and asked AEGON for its nominee details so it could complete an in specie transfer of the M&G fund. OMW followed up with further chaser emails on 4 March 2020.

AEGON replied by email on 9 March 2020. It said it wouldn't provide its acceptance to the request without a formal valuation and re-registration request. It said it would provide its nominee details using an electronic ISA transfer system and asked OMW to provide an up to date valuation to which it could provide acceptance.

OMW replied to AEGON by return email within a few minutes. It asked AEGON to confirm why it could not simply issue its nominee details for the suspended M&G holding, as this was the only fund being re-registered with all other stock being sold. It explained that Mr T's IFA had been chasing the transfer for some time and AEGON's proposal would further delay the transfer.

In the interim, AEGON requested that OMW registered all of the funds in the ISA to its

platform. OMW closed the partial cash transfer request as it had received a valid ISA transfer instruction. That transfer was approved on 10 March 2020. The remainder and majority of the funds were then transferred in specie on 13 March 2020.

AEGON then replied to the 9 March 2020 email on 12 March 2020. In summary, it said it would not provide acceptance of a fund without a valid valuation before instructing it to be transferred. It was for that reason that it had submitted a valuation request instead. It was only initially submitted as a cash transfer, because cash transfers and in specie transfers were dealt with by two separate parts of AEGON. Further, a full valuation had been provided by OMW for Mr T's entire holding which would not have been the case if the entire holding had been sold down.

Mr T and his IFA then complained, as the transfer had not been undertaken as requested. In July 2020, AEGON issued a response rejecting the complaint. It said the re-registration of the one affected fund wasn't put through its transfer system. Because of this, the funds were not sold down by OMW. AEGON had agreed to carry out a partial cash transfer and re-registration on 26 February 2020 but OMW hadn't responded appropriately.

It said that though OMW did not reconcile the re-registration request with the partial cash transfer request, AEGON was not at fault for that. OMW's actions resulted in it re-registering all Mr T's funds to AEGON, rather than just re-registering the 26p M&G fund.

Mr T pursued complaints about both businesses to this service, with his IFA as a representative. The IFA explained that as the result of confusion between the two businesses, all of the funds within the existing ISA portfolio were reregistered instead of just the M&G fund. If this hadn't happened, the transfer would have completed earlier and certainly before the global downturn on 11 March 2020 as a result of the Covid-19 pandemic. He said that Mr T had suffered a loss through no fault of his own because full reregistration delayed the selling of funds in a falling market.

Our investigator thought that this complaint should succeed. He said AEGON was given many opportunities to provide its nominee details but it only did so on 9 March 2020. Further, if it had known it would not accept the in specie transfer without a valuation and reregistration request, it could have told OMW about that sooner than it did. That OMW chose to correspond via email and not a specified electronic transfer system wasn't unreasonable, in his view.

He believed that AEGON was responsible for Mr T's funds being reregistered during the transfer rather than all but the suspended M&G fund first being sold down to cash, and also for the delay.

To rectify the mistake he felt AEGON should undertake a comparison of the value of Mr T's ISA if it had been transferred on 6 March 2020. He also believed Mr T ought to be paid £150 in compensation for the upset he had been caused.

AEGON said it disagreed with the investigator's view. It asked for the complaint to be referred to an ombudsman. It said that in principle, the confusion arose because reregistrations usually use the electronic transfer system and ultimately what began as a cash transfer then took on an element of reregistration.

It also said that when it sent the request to OMW on 26 February 2020 it would have expected it to sell all funds down (bar the suspended M&G fund) immediately after receiving the letter, whilst awaiting the re-registration request for the M&G fund. That is how AEGON would have processed the request if matters had been the other way around.

When it submitted the reregistration request on 9 March 2020, its expectation was that everything would already be sold down to cash already. Providing nominee details as at that date was within its operating standard of ten working days. The M&G fund could then be reregistered, with the rest coming across as cash. As OMW hadn't sold any funds down after getting its original request, this isn't what happened but AEGON wasn't at fault for that.

AEGON did accept that it ought to have noticed when accepting the transfer that the funds remained invested. However, OMW didn't query the point either.

The IFA said Mr T accepted the investigator's view. The complaint has now been passed to me.

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 reviewed matters afresh and I am also of the view that this complaint should succeed. In summary, I consider the complaint ought to be upheld because:

- I don't believe that AEGON concluding what OMW ought to have done sufficiently accounts for its own actions in response to the ongoing correspondence;
- by 24 February 2020 (receipt of the 18 February 2020 letter) AEGON was made sufficiently aware that its request was rejected and returned because of the suspension of the M&G fund;
- though the reply correspondence of 26 February 2020 was clear that AEGON now sought to transfer the ISA in cash all but the suspended M&G fund, its later email correspondence thereafter confused matters by referring to funds collectively;
- OMW was explicit in its email reply the following day (27 February 2020) that it required transfer nominee details yet it had to chase AEGON a number of additional times to obtain these;
- that OMW chose to reply to the email address was a reasonable means of communication as this was the address AEGON had told OMW to direct any queries to within its previous letter;
- OMW expressly pointed out on 27 February 2020 that the matter was urgent;
- AEGON could have supplied the nominee details sooner than 9 March 2020;
- OMW did clarify that it knew the one suspended fund was an in specie transfer and it queried with AEGON by immediate return email on 9 March 2020 – it asked AEGON to confirm why it couldn't simply issue its nominee details for the suspended M&G holding and identified that AEGON's proposal would further delay the transfer;
- AEGON was aware of the delay and urgency marked in the emails but did not respond in kind;
- that there was crossover between emails, departments and various systems is the responsibility of AEGON, not OMW and this likely led to the confusion;
- OMW quoted the original transfer reference in the correspondence to AEGON;
- AEGON was aware that the transfer should not have been in specie but accepted it, with the knowledge that the funds remained invested contrary to its original and repeated request for that transfer to happen in cash (bar the suspended fund).

For these reasons, I uphold this complaint.

Putting things right

AEGON could have submitted its re-registration request and supplied the required nominee details to OMW on 26 February 2020 and this would have been received by OMW on 2 March 2020 as confirmed. If so, OMW's ISA terms require it to have sold down the funds by 4 March 2020. Further, it would have completed the in specie transfer of the suspended M&G fund by 6 March 2020 (based on the timescale of the eventual transfer).

AEGON must therefore compare the value of Mr T's ISA now to the value it would have been had it transferred as cash on 4 March 2020 (and in full by 6 March 2020). If there is a capital gain, no redress should be payable. If Mr T has suffered a loss, then the difference should be paid into his ISA, if within his allowance. If this is not possible, it should be paid to Mr T directly.

In addition, AEGON must pay Mr T £150 directly (and separate to his ISA) in respect of the upset he has been caused by the administrative errors and delay.

My final decision

I uphold this complaint. AEGON Investment Solutions Ltd ought to follow the redress calculation I have set out above and pay any losses resulting from that calculation to Mr T along with the separate payment for the inconvenience he has been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 23 June 2021.

Jo Storey
Ombudsman