

The complaint

Ms S complains that a delay in transferring cash from her existing ISA provider to Vanguard Asset Management, Ltd resulted in a loss when she was eventually able to invest the cash.

What happened

Vanguard accepts it was responsible for delaying the transfer, so I won't go into detail concerning the circumstances of how it occurred. In short, the transfer completed on 11 October 2021 but would've done so several months earlier, on 12 July 2021, but for the delay.

Vanguard offered Ms S £250 for the trouble and upset caused by the delay, but it didn't agree to her claim for investment loss. It noted that she had chosen not to place a pending investment order at the time she requested the transfer. So, Vanguard felt it couldn't determine what Ms S would've done if the transfer had completed in July 2021.

Ms S didn't accept this and referred her complaint to this service.

Our investigator considered the matter and reached a different conclusion to that reached by Vanguard. He noted that Ms S had invested the entire amount transferred (£220,000) into Vanguard's FTSE Global All Cap Index Fund in three transactions during the week following the eventual completion of the transfer – the vast majority of the investment (£205,000) being the first transaction on the day the transfer completed.

The investigator felt doing so demonstrated that investment in that fund had always been Ms S' intention. So, it would be reasonable for Vanguard to put her in the position she'd be in if she'd been able to carry out the investment transactions in July 2021, by it applying additional units to her account, as well as paying her the £250 for the trouble caused.

Vanguard didn't agree. It maintained that as Ms S had given no investment instruction at the point of requesting the transfer it wasn't reasonable to compensate her. It felt that doing so would be unfair on other customers in a similar position who *had* given a 'pre-transfer' instruction. Vanguard said such customers would be compensated by default in the event of a delay, because of their clear intention.

The investigator wasn't persuaded to change his opinion, so the matter's been referred to me to review.

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've come to the same conclusion as the investigator and for broadly the same reasons.

As noted, Vanguard has accepted responsibility for the delay, so it remains only for me to decide what represents fair compensation. Ms S feels she has incurred an investment loss,

as the transfer delay prevented her from investing sooner. Vanguard considers it isn't possible to determine any investment loss as there's insufficient evidence to support what Ms S would've done had the transfer completed in a reasonable timeframe, in July 2021.

Vanguard's position is based upon the fact that there was an opportunity for Ms S to indicate her investment intention for the cash at the point of requesting the transfer. Because she chose not to take that opportunity, it can't now be determined with any certainty what her intentions for the cash were.

I accept that if Ms S *had* given an investment instruction with the transfer it would be a straightforward matter to conclude what her position would be but for the delay. But I don't think that her decision *not* to give an instruction means it's impossible to make a finding about what she was intending to do.

An instruction given at the time of the transfer would clearly have been evidence of her intentions. But I can quite understand why Ms S didn't give such an instruction – a natural concern that she would be committing to a very significant investment without a clear picture of when that investment would take place. And I note that at the point in the transfer application where account holders are asked if they'd like to choose their new investments it's made very clear that it is "no problem" if they don't want to and that they will be able to do so once the cash is transferred. There's certainly no indication that it might be of benefit to give an instruction, so they will be compensated in the event of a delay.

Ms S' actions following the delay in her transfer (especially in the context of already being invested in the FTSE Global All Cap Index Fund) are also important evidence to be considered. And in the specific circumstances of the complaint I think those actions support, on the balance of probabilities, a finding that if there'd been no delay Ms S would've invested in July 2021 in broadly the same way she did in October 2021. There may have been some slight difference – for instance, she may not have invested in three transactions. But I think for the purposes of determining investment loss it's reasonable to assume the investment would've taken place in the same way.

Vanguard has said that compensating Ms S for investment loss when she didn't give a pre-transfer instruction would be unfair to customers in similar circumstances who *had* given an instruction in advance. But I don't agree. As I've said, I think it's entirely fair and reasonable to consider other evidence and the wider circumstances when deciding whether an investment loss should be compensated.

Putting things right

Vanguard should put Ms S in the position she'd be in if she'd invested £205,000 into the Vanguard FTSE Global All Cap Index Fund on 12 July 2021, £10,000 on 15 July 2021, and £5,000 on 20 July 2021.

So, I direct Vanguard Asset Management, Ltd to:

- Calculate the number of units Ms S would've received if she'd invested on the above dates and compare this with the number of units she actually received when she invested in October 2021. If the number of units she would've received is greater Vanguard should apply the additional units to her account.
- Vanguard should also, if it's not done so already, pay Ms S the £250 it offered for the trouble caused, which I think is fair and reasonable in the circumstances.

My final decision

For the reasons given, my final decision is that I uphold the complaint and direct Vanguard Asset Management, Ltd to pay compensation to Ms S as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 27 May 2022.

James Harris
Ombudsman