

## **The complaint**

Mr H complains HBOS Investment Fund Managers Limited (HBOS) delayed transferring two child trust funds (CTF) to a new provider. He is also unhappy as he says he was given misleading information which meant he thought the shares held by the two accounts hadn't been sold when they had. Also, he's unhappy he wasn't sent a closing statement for either account.

## **What happened**

I understand Mr H was notified by HBOS in February 2020 of their intention to sell their CTF business to a third party. Mr H declined the transfer as he had no experience with the third party. Instead, Mr H completed transfer forms and sent them to his chosen provider on 13 March 2020.

Mr H was notified by HBOS around 29 March 2020 that the transfers were to take place. He also received statements which gave no indication the shares had been sold. He explained this was a particularly turbulent time due to the pandemic. He later checked with the new provider and saw that the money had been transferred but it was significantly less than he expected.

Mr H was concerned about the amount of money received and also that he had received no confirmation from HBOS that the holdings within the CTFs had been sold and transferred. Therefore, Mr H complained to HBOS in January 2021.

HBOS responded to the complaint in May 2021. They offered Mr H £101 in relation to the poor service identified. This included a small amount for postage costs. However, they didn't agree they had caused Mr H a financial loss and highlighted the impact of the global pandemic on the stock market at the time. Mr H didn't agree, and HBOS reiterated this response in June.

Mr H remained unhappy and asked us to investigate. He said HBOS failed in their duty of care to look after his investments and ensure they were successfully transferred to his new provider. Also, that they did not keep him informed and clearly misled him by stating that no transaction had been made up to 27 March 2020. The Investigator looked into things and explained why he didn't think Mr H had been caused a financial loss. However, he felt the statements provided were inaccurate, a closing statement should have been provided and HBOS should have responded to Mr H's concerns sooner. He felt that £201 compensation was fair and reasonable in all the circumstances.

In response to the view, Mr H said he did not agree with the Investigator's proposed settlement. In summary, he said it was not just a series of admin errors, and he trusted HBOS to manage a significant portion of their savings, but they had failed to show a professional level of care. He explained he hadn't received notification of transfer to the external company and he didn't receive a share sale transaction report. Also, HBOS failed to provide account details to the new provider and allowed his personal records to be destroyed.

Additionally, Mr H reiterated that HBOS had produced misleading statements which showed the sale had not yet been completed when it already had been. He said that if the Investigator concluded the information was only misleading up until 27 March 2020, he should be compensated in the difference in price between 24 March (the date the shares were actually sold) and 27 March.

In response to the view, HBOS accepted the Investigator's findings and proposed settlement. They confirmed they had nothing to add. They said the transfer date used was the correct date based on when the forms were received. And it was up to Mr H to decide to transfer during a volatile period outside of their control. Also, if it took longer than he says it should then it's unclear why he feels a later date should be used just because the unit price was higher.

Therefore, the case has been passed to me to decide.

### **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.

Unfortunately, HBOS have not been able to produce all the information I'd expect to see here. They've explained this is because the CTFs used to be administered by a third party, and they later chose to change the administrators. This led to the old administrators of the CTFs destroying information relating to accounts they were no longer responsible for. I understand it would have been helpful to have this information and I appreciate what Mr H has said about the records. However, Mr H was still able to transfer the accounts and I don't agree HBOS acted unreasonably here. My findings are based on the information I do have.

I also do appreciate Mr H felt he had no choice but to transfer the CTFs to a third party provider and it was only triggered by HBOS's decision to sell their CTF business. I do understand Mr H's comments here, but HBOS are entitled to make such decisions about the services and products they offer. Whilst I appreciate it would be frustrating, I can't say HBOS did anything wrong here.

I have seen a copy of the transfer authority for both accounts and can see it was signed by Mr H on 13 March 2020. Mr H says he emailed them to the new provider on the same day. And received acknowledgement on 24 March and his new provider thanked him for his recent application.

It seems likely the shares from both accounts were sold on 24 March 2020. This is based on what I know about the amount of shares held, the amount received when sold and the selling price on 24 March. Also, the new provider received the cash proceeds from HBOS on 8 April.

Looking at the dates, it seems likely HBOS processed the transfer request within a reasonable timeframe. Also, Mr H understood it could take between six and eight weeks and the transfer took place within this timeframe. Additionally, I would add that I'm not persuaded they did anything wrong because the transfer happened sooner than Mr H expected.

However, it doesn't appear HBOS sent a closing statement to confirm the accounts had been closed with them. Instead, I've seen HBOS sent statements for each of the accounts around 29 March 2020. The statement of one of the accounts said it included information about transactions up to the 26 March and the other up to 27 March. However, they did not reflect that the holdings in both accounts had actually been sold by this point and Mr H could reasonably conclude they hadn't been. The statements also included the value of the shares (which I note was higher than the price they had been sold for). I agree this would have been confusing and misleading because the information reported in the statements wasn't accurate.

HBOS have also accepted they took too long responding to Mr H's complaint. Having looked at the information, I agree they should have responded to his concerns about the transfer sooner as he was clearly worried something went wrong here.

Overall, I'm content HBOS processed the sale and transfer of both accounts reasonably. However, they took longer than I would expect to answer Mr H's concerns. Also, they provided statements with inaccurate information and it doesn't seem they sent a closing statement. I can appreciate this was frustrating for Mr H and I'll come back to this below.

However, Mr H has also said this has caused him a financial loss and that he wasn't able to reinvest because he wasn't aware the sale and transfer had gone through. It's important to note the impact of the global pandemic on the stock market and that values dropped as a result of the first lockdown. The sale of the shares did occur at an unfortunate time and I can see there were fluctuations in the value of the holdings as a result of the markets reacting to the global conditions. It wouldn't be reasonable for me to hold HBOS accountable for the value received. But I do note it was towards the peak of what was being achieved during the relevant period, although there was subsequently a rise in the value as noted on the account statements. Nevertheless, I've already noted that I'm content HBOS handled the sale of the shares and subsequent transfer within a reasonable timeframe.

In respect of reinvesting, I'd need to see Mr H had clear intentions at the time which he was prevented from carrying out as a result of HBOS's service. However, the evidence I've seen doesn't persuade me of this and I'd note Mr H has explained he didn't check the accounts and reinvest until sometime later. The statements show the cash remained uninvested in June 2020. Mr H understood the timescale may be between six and eight weeks, so could have looked into this at the time. Therefore, I'm unable to say inaccurate statements or failure to provide a closing statement directly prevented him from reinvesting.

So, whilst I agree that there were some service issues here, I'm not satisfied this led to a financial loss.

### **Putting things right**

HBOS provided inaccurate statements, failed to provide closing statements and took some time answering Mr H's concerns about the transfer. They have already apologised for the time taken to respond to his concerns and offered £101. In addition to this, I think they should pay a further £100. This is a total of £201 and I'm content this appropriately recognises the impact of issues identified.

### **My final decision**

For the reasons explained above, my final decision is HBOS Investment Fund Managers Limited should pay Mr H £201 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 April 2022.

Laura Dean  
**Ombudsman**