

## The complaint

Mrs D complains that Interactive Investor Services Limited ("IISL") hasn't acted on her regular investment instruction since January 2020. She wants it to compensate her for the price difference for buying the shares now, compared to when they should have been purchased.

The complaint is brought on her behalf by her husband. For ease, I will refer to everything he's told us as being said by Mrs D.

## What happened

Mrs D says that when her account was with her previous provider, it was set up for regular investment in a share I will refer to as "P". She says that when enough cash had accumulated, through dividends and her regular contributions, shares in P would be automatically purchased in her account.

IISL acquired Mrs D's previous provider and in September 2019 sent her its terms and conditions.

Mrs D says she complained in December 2019 that the automatic investment hadn't taken place. She says IISL upheld her complaint and paid her compensation. She says she was reassured that the regular investment option was in place going forward. But that there's been no investment since January 2020.

IISL said it offers a free regular investing service to automatically trade on the third Wednesday of every month, but that the individual subscription must equal, or be more than, the share price. It doesn't automatically invest any accumulated cash balance.

Our investigator didn't recommend that the complaint should be upheld. She thought that there had been some confusion caused by what IISL told Mrs D in response to her December 2019 complaint. But that IISL had acted in line with its terms and conditions, so wasn't required to do anymore.

Mrs D didn't agree so the complaint was passed to me to consider.

## My provisional decision

I thought the complaint should be upheld. And I explained why. I said:

IISL's terms and conditions set out its regular investment service in some detail. In particular they say:

*"The Regular Investment Service is designed to enable you to Purchase, once per month, units of Regular Investments to a total value of no more than your Regular Investment Value in respect of each Regular Investment Instruction you make." (7.1)*

*“Your Investment Subscription Surplus will remain as cash in your Account. Unless you give us specific instructions to do so, we will not use your Investment Subscription Surplus to Purchase Regular Investments. You may instruct us to Purchase particular Regular Investments on the Purchase Date in addition to your Total Investment Instruction using your Investment Subscription Surplus.” (7.7)*

I find it's reasonably clear that IISL will only invest the subscription amount and not any surplus cash. And that the subscriptions are not accumulated for investment. If Mrs D wanted to invest the surplus, she would need to give specific instructions to do so, once the amount of cash held equalled the price of at least one whole share.

This differs from the service she was used to with her previous provider. Mrs D was sent IISL's terms and conditions when it acquired the previous provider. Whilst it was Mrs D's responsibility to read and understand the new terms, they ran to 36 pages. And I've not seen anything to show that the difference in the regular investment service was drawn to her attention. In the circumstances, it's not surprising that Mrs D didn't realise the terms for this part of her service had changed.

In December 2019, Mrs D complained that the automatic investment hadn't taken place. In response, IISL agreed Mrs D had lost out and paid her compensation.

After our investigator issued their view, we asked IISL to provide a copy of the recording of the call which took place with Mr D following Mrs D's 2019 complaint. During the call, Mr D sought clarification more than once about how the regular investment process would work in the future. Mr D specifically asked:

*“Can we set up a regular investment that will trigger when it hits, when there's enough money to purchase or is that not possible, do you have to go in manually and do it?”*

And he was told:

*“It will do that when the account recognises that there's enough money in there. When you pay in that £50, you'll have a monthly payment of £50. It'll probably recognise that there's not enough cash in the account and then the next month when the other £50 goes in it'll then do an investment.”*

The member of staff also referred to the money *“piling up”* for the next investment. And, when Mr D again asked, *“Is the £50 set up as a regular investment and it will trigger if the balance is big enough”*, the member of staff confirmed his understanding.

This was also set out in IISL's final response letter which said:

*“... with Interactive Investor all of your cash is kept within one account and grouped together. This means that your account can accrue a balance and carry out a regular investment trade or dividend reinvestment when the balance hits the appropriate level.”*

I think it was reasonable for Mrs D to understand from the phone call and from the final response letter that in the future the accumulated cash balance would be invested each month. And whilst this is not how IISL's regular investment service is designed to work, I think it would be fair for IISL to compensate Mrs D on this basis.

IISL told us that Mrs D's 2019 complaint and its response is a separate issue and is outside of the six months timescale Mrs D had for referring it to this service. I agree that the 2019 complaint was resolved and that this service can't investigate it. This decision does not change the outcome of that complaint. But it's fair that I take into account what Mrs D was told about how the regular investment service would operate.

And I set out what I thought IISL needed to do to put things right. I said:

IISL should rework Mrs D's account for the period from and including February 2020 to date to reflect regular investment in P shares using the accumulated cash balance in her account. Thereafter, Mrs D will need to manually give specific instructions if she wants to invest the accumulated cash balance in the future.

IISL should also pay Mrs D £100 for the distress and inconvenience it's caused.

#### *Responses to my provisional decision*

Mrs D asked that IISL be required to provide her with a copy of its compensation calculation.

IISL didn't respond to my provisional decision, despite a reminder to do so.

#### **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.

As neither party has provided any new information or evidence in response to my provisional decision, I see no reason to depart from my earlier conclusion.

I appreciate Mrs D's request for IISL to provide her with its calculation, and I think that would be fair.

#### **My final decision**

My final decision is that I uphold this complaint. Interactive Investor Services Limited should:

1. Rework Mrs D's account for the period from and including February 2020 to date to reflect regular investment in P shares using the accumulated cash balance in her account. Interactive Investor Services Limited should provide Mrs D with a copy of its calculation. Thereafter, Mrs D will need to manually give specific instructions if she wants to invest the accumulated cash balance in the future.
2. Pay Mrs D £100 for the distress and inconvenience it's caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 19 May 2022.

Elizabeth Dawes  
**Ombudsman**