

The complaint

Mr L is complaining about Financial Administration Services Limited (FASL). He's unhappy about their administration of his stocks and shares individual savings account (ISA).

What happened

Mr L transferred his stocks and shares ISA from another company, Company A, to FASL in December 2020. His ISA held around 30 different shareholdings.

In March 2021 Mr L contacted FASL – he'd noticed that the figures shown as the "*book cost*" of each shareholding weren't what he expected. They didn't agree to the figures he'd received from Company A. Mr L checked his understanding with FASL but still felt that the figures were wrong. So he asked how he could edit the book cost online. FASL offered to look into it and update the costs if Mr L could send in the details – so he did. But they later said they could do nothing more for him.

In their response to Mr L's complaint, FASL said the book cost showing online was the cost at which they'd acquired the fund. They added that there's an option to update book costs online for investment accounts but not for ISAs. FASL offered Mr L £50 for the amount of time it had taken them to reply to his queries.

Mr L remained unhappy so he brought his complaint to us. He said it's a basic essential requirement to have accurate cost information available for each shareholding in order to make informed decisions. But, he said, FASL was showing him inaccurate information and not allowing him to edit that information despite having that facility for non-ISA accounts. He was also frustrated that FASL said they'd received cost information from Company A but wouldn't share that with him.

Our investigator looked into things. In her latest view, she noted that FASL had said there was an issue with how some of the book costs are updated - when Mr L had taken up scrip dividends and received extra shares instead of a dividend, this hadn't impacted the book cost as it should. She suggested FASL pay £200 to Mr L for the inconvenience. But, she said, our service doesn't have the power to require a provider to make changes to their systems.

Both parties disagreed with our investigator's view and asked for an ombudsman's decision. FASL said that the book costs had been confirmed as correct and Mr L had suffered no financial loss – so they didn't think Mr L was due any compensation. Mr L said £500 would be a suitable amount to partially compensate him for the significant amount of time and trouble spent on the matter but his main request is that FASL introduce the facility for consumers such as himself to edit the book costs on ISAs.

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 I'll explain below, I've decided to uphold Mr L's complaint. My outcome is unchanged from our investigator's - I'm satisfied her suggested compensation of £200 is fair, and I'm not asking FASL to change their systems.

Recording of book cost

I can understand why Mr L's unhappy with what's happened. Instead of displaying the original cost of each shareholding to Mr L, FASL is displaying the cost to them – the cost of the shareholdings at the date of the transfer from Company A, also known as the transfer-in value. And this isn't explained - the annotation online on the "book cost" column of Mr L's statement clearly says: *"This shows how much you paid for each investment."* There's nothing that says this isn't the case if the ISA was transferred in. Nor is it set out in the terms and conditions. I've seen one line in a document *"How to understand your performance report"* which hints at the transfer-in cost being used for book cost but I don't think this is particularly clear about the book cost values.

When Mr L asked FASL about the book cost, their representative was misleading in her answers. For example, Mr L asked whether the cost information, at the time of transfer, came across from Company A. In response, the FASL representative said *"We would have received the cost information at the time of transfer but not a transaction list to work out the book cost from..."* What actually happened was that the transfer-in values (*not* the cost information) were provided automatically through an online platform.

Then Mr L tried to check his understanding of how the book cost was calculated for his transfer. He said *"if... [Company A] stated that the cost of the holding at the time of transfer was £5,000 you would bring across to [FASL] a holding of 1,000 shares in ABC Ltd at an aggregate cost of £5,000... Is that correct?"* The FASL representative said yes that was correct.

It's clear that Mr L meant the cost of the shares to him – not the transfer-in value. It's also clear that Mr L expected FASL to have received the book cost information from Company A – after all, he had himself received this information from Company A and the FASL representative implied they'd received it. But the whole transfer would have been done electronically and so there's no record of the information received from Company A at the time. I know Mr L has raised questions about the information sent from Company A to FASL – but there simply wouldn't have been any.

As mentioned, Mr L had his own record of the book cost which Company A sent him around the time of the transfer. He sent a picture of this to FASL and asked them to update the values on his account to those. They said they checked and the book costs were accurate (i.e. transfer-in values), so they wouldn't change them. FASL have since told me that they aren't able to update the book costs on an ISA. As I'll explain below, I can't ask FASL to change their systems, so it follows that I can't ask them to update the book costs for Mr L's account.

During our investigation of this complaint, it came to light that FASL's systems haven't updated Mr L's account for shares bought from dividends in relation to his transferred-in shares. This adds to Mr L's experience of not being able to see accurate information in relation to the initial cost of his shares.

Impact and redress

Mr L would like to be able to compare what he paid for each shareholding with the current valuation at any given point in time. He says this information is essential for making investment decisions, and that he has suffered financial loss because he hasn't had it

available to him. However, Mr L does have a record of the cost of each shareholding to him – it's just not on the FASL platform. So he could have avoided any financial loss by comparing that information to the current valuations on the platform – and therefore I can't ask FASL to compensate Mr L for any financial loss.

Our service aims to provide informal dispute resolution. We're not a regulator. The rules that govern our service set out what I can ask businesses to do in response to a complaint – they say “*a direction may require the respondent to take such steps in relation to the complainant as the Ombudsman considers just and appropriate...*” (my emphasis)”. In this case, it wouldn't be fair and appropriate to require FASL to change their business-wide systems in order to accommodate Mr L's desire for clearer information on his account. It would be a costly and time-consuming process and not proportionate to the complaint.

I appreciate that FASL has made a business decision to display transfer-in values instead of original cost. And it's understandable – they don't often have access to enough information to display the original cost of shareholdings transferred in. But they should have made that clearer to Mr L – both through the information displayed on the website, and in their responses to Mr L's queries.

Mr L's been significantly inconvenienced and stressed by the misleading information given to him, both on the website, and by the FASL representative. He spent over two months asking questions and chasing for answers and didn't receive a clear explanation during that time. He was also concerned about what had happened to his investments during the transfer. I can understand why that would have caused Mr L stress. I'm satisfied £200 is fair compensation. For the avoidance of doubt, this is instead of the £50 FASL previously offered to Mr L but haven't yet paid.

My final decision

As I've explained above, I'm upholding Mr L's complaint. Financial Administration Services Limited need to pay him £200 to compensate him for the inconvenience caused by their misleading information. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 December 2022.

Clare King
Ombudsman